

NATION'S BUSINESS



APRIL
1940

Canada in the War—and After • Will Taxation Cripple Education? •
Government Brakes on Reemployment • The Case for Distribution

Two salesmen had the same idea!



ONE OF THEM SAID:

"I'll try to remember to mention that to Brown Brothers when I get around to their town next week."



THE OTHER ONE SAID:

"Here's a telephone booth. I'll call Bill Brown right now!"



Which salesman will need a new order book first?

Alert, successful salesmen today do much effective traveling *by telephone*. . . . They keep in *personal* touch with customers between trips, pass on suggestions, report price changes, pick up new leads and extra orders. They telephone ahead to the next town for time-saving appointments. They use Long Distance in dozens of ways—*because it pays!*



Selecting the Best is Easy



TAKE ADVANTAGE OF THIS "ONE-TWO" WAY TO COMPARE "ALL 3" LOW-PRICED CARS

① See the 1940 Quality Chart to discover what each of "All 3" gives you in size, comfort, safety, economy, and long life.

OF 22 IMPORTANT FEATURES FOUND IN HIGH-PRICED CARS

*Plymouth has 21—
Car "2" has 11—Car "3" has 8*

② Take the 1940 Plymouth's Luxury Ride to discover new motoring enjoyment.

**1. SEE THE QUALITY
CHART FOR FACTS...**

**2. TAKE THE LUXURY
RIDE FOR PROOF**



YOU'LL FIND *Plymouth* is the only one of "All Three" low-priced cars that gives you a majority of the 22 big quality features found in *high-priced* cars.

See the 1940 Quality Chart at your Plymouth dealer's. Then take the 1940 Plymouth's thrilling Luxury Ride. Plymouth is *easy to buy!* PLYMOUTH DIVISION OF CHRYSLER CORPORATION.

TUNE IN MAJOR BOWES' ORIGINAL AMATEUR HOUR, THURS., 9 TO 10 P. M., E. S. T.

COUPES	SEDANS
START AT \$645	START AT \$699

DELIVERED IN DETROIT, MICHIGAN, including all standard equipment. Prices include all federal taxes. Transportation, state, local taxes, if any, not included.

SEE THE NEW LOW-PRICED 1940 PLYMOUTH COMMERCIAL CARS.

PLYMOUTH BUILDS GREAT CARS

From Dude Ranch TO DIAMOND MINE



In thousands of industrial plants, in municipalities and mines, on ranches and construction projects, Fairbanks-Morse Diesels are slashing deeply into accepted power costs. It is not unusual for these dependable Diesels to cut power costs as much as 50%!

A dude ranch and a diamond mine may be and probably are far from your business—but a 50% slash in power cost could be very close to your earning statement!

Why not investigate? Remember that your own F-M Diesel power plant is *not* a project. No special construction is necessary in most cases. No heavy expense. No constant attention from engine room crews. No shut-downs to cripple production. No demand charges. Write Fairbanks, Morse & Co., Dept. 120, 600 S. Michigan Ave., Chicago, Ill. Branches and service stations throughout the United States and Canada.

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FAIRBANKS-MORSE

DIESEL ENGINES
PUMPS
ELECTRICAL MACHINERY
FAIRBANKS SCALES
RAILROAD EQUIPMENT

WATER SYSTEMS
WASHERS-IRONERS
FARM EQUIPMENT
STOKERS
AIR CONDITIONERS



Diesels

"It's Good Business to Go Pullman!"

Says
P. R. MORK

Vice-President in Charge of Sales
CRANE CO., CHICAGO

"Counting inter-branch, sales and field trips, our men take several thousand overnight trips on Pullmans during the course of the year. They appreciate the necessity for a sound night's sleep in a *real* bed. The value of arriving relaxed and refreshed . . . feeling and looking better . . . Ready for the next day's work!"

CRANE CO., well-known manufacturers and distributors of valves, fittings, piping, plumbing and heating materials, has accumulated no little "travel" experience in its eighty-five years in business.

And Mr. Mork also talks from experience. He used to be a salesman himself! But he hasn't told the *whole* story. There are other reasons why Pullman travel can help increase the efficiency of *your* sales staff.

Pullman saves *business* time. Your men can make most trips traveling overnight without losing a single *business* hour!

They sleep in *real* beds . . . enjoy *real* lounge and washroom facilities. If necessary, they can work while they travel. Plan their next day's activities. Hold conferences and map out sales strategy "en route."



But work or not, they're bound to get there feeling and looking better for their sound night's sleep.

Rain or shine, Rail-Pullman is the safest, most dependable, *all-weather* transportation in the world every day in the year!

Mr. Mork of the Crane Co. is right. It's good business to go Pullman!

Turn "Wasted" Travel Time
into Business Time . . .

Go Pullman



◀ **WORK WHILE YOU TRAVEL!** In the privacy and comfort of an air-conditioned Pullman room, a man can really get his work done! Be ready to clinch the sale when he arrives in the morning!

Copyright 1940, by The Pullman Co., Chicago

**Pullman's Overnight Sleeping Service
is NATION-WIDE in Scope!**



Available between hundreds of important U. S. cities, Pullman's overnight service offers business men specific advantages:—Now that new streamliners are in operation, you can travel as much as 1,000 miles, with virtually the entire trip taken overnight!

And even on short overnight trips, you can get a full night's sleep! You can retire before your train leaves. Arise at a reasonable hour after arrival. Thus on short trips—taking only five or six hours, you can get your full 9 hours sleep!



Mice start fires by chewing matches

TRUE? . . . FALSE? . . .

How did you vote? To test this popular belief, several mice were half-starved and turned loose among a lot of matches. No action. The hungry rodents would have nothing to do with them . . . so this supposed fire cause can be crossed off the list.

One of the things on which 200 capital stock* fire insurance companies, members of The National Board of Fire Underwriters, are constantly at work is the study of fire causes. In this national "Fire Clinic", reports of thousands of fires throughout the country are received daily and studied. Progressive measures of fire prevention resulting from these

studies have made life and property safer for all of us.

You are backing up this beneficial public work, in addition to securing sound protection for yourself, when you buy capital stock company fire insurance.



Your local insurance Agent or Broker, a distinctive feature of capital stock company fire insurance service, works for your financial safety . . . to see that you are soundly insured and to help you in time of disaster.

THE NATIONAL BOARD OF FIRE UNDERWRITERS
85 John Street, New York • Established 1866



***CAPITAL STOCK COMPANY FIRE INSURANCE** provides sound protection at a predetermined price, without risk of further cost. In addition to legal reserves, its policies are backed by cash capital and surplus funds set aside to meet not merely normal claims but also the sweeping losses due to conflagrations and other catastrophes. Its organized public services are national in scope. Its system of operating through Agents everywhere gives prompt personal service to policyholders.

Shake Hands with Our Contributors

BUSINESS men in the United States have always had a kindred feeling for their associates in Canada. Not only the unfortified frontiers, but similar customs, methods and ideals have tended to produce a feeling of neighborliness and friendship. Confidence in their management has been substantially indicated by an investment of \$4,000,000,000 in Canadian enterprises. The war raises a question of what will become of this stake in the north country?

Floyd Chalmers, editor of the *Toronto Financial Post*, tells how his countrymen are planning for the present and the future—how they have steeled themselves for the worst so that they may be prepared to cope with any kind of economic chaos that might develop after the armies cease their destructive orgy.

Edgar Forest Wolfe tells why modern ball players can rap out from 30 to 60 home runs in a year and pre-Ruthian swatsmiths like Frank Baker could only get ten or 12. The editors believe that this story showing how manufacturers found a way to make a better baseball is the first wide publicity ever given to the real difference between the old and new baseball.

Augustin G. Rudd spent two years of research examining books used in public schools. His discovery of what "Young America" was finding in school literature will probably astonish business men whose sons and daughters are reading strange things about their fathers.

William H. Kelty is director of research for the Associated Industries of Minneapolis.

Douglas Southall Freeman is editor of the *Richmond News-Leader* and well known biographer of Robert E. Lee. Among his many activities are: trustee of the Rockefeller Foundation, Carnegie Endowment for International Peace, University of Richmond and the Children's Memorial Clinic. He is also author of "Reports on Virginia Taxation."

William A. McGarry is a free lance writer whose articles are familiar to readers of *NATION'S BUSINESS*.

Russell L. Greenman is an industrial relations counselor with McKinsey & Company of New York. Readers of *NATION'S BUSINESS* will remember him as an authoritative writer on personnel and labor problems.

O. A. Fitzgerald is university editor for the University of Idaho.

Kenton R. Cravens is vice president of the Cleveland Trust Company and president of the Bankers Association for Consumer Credit.

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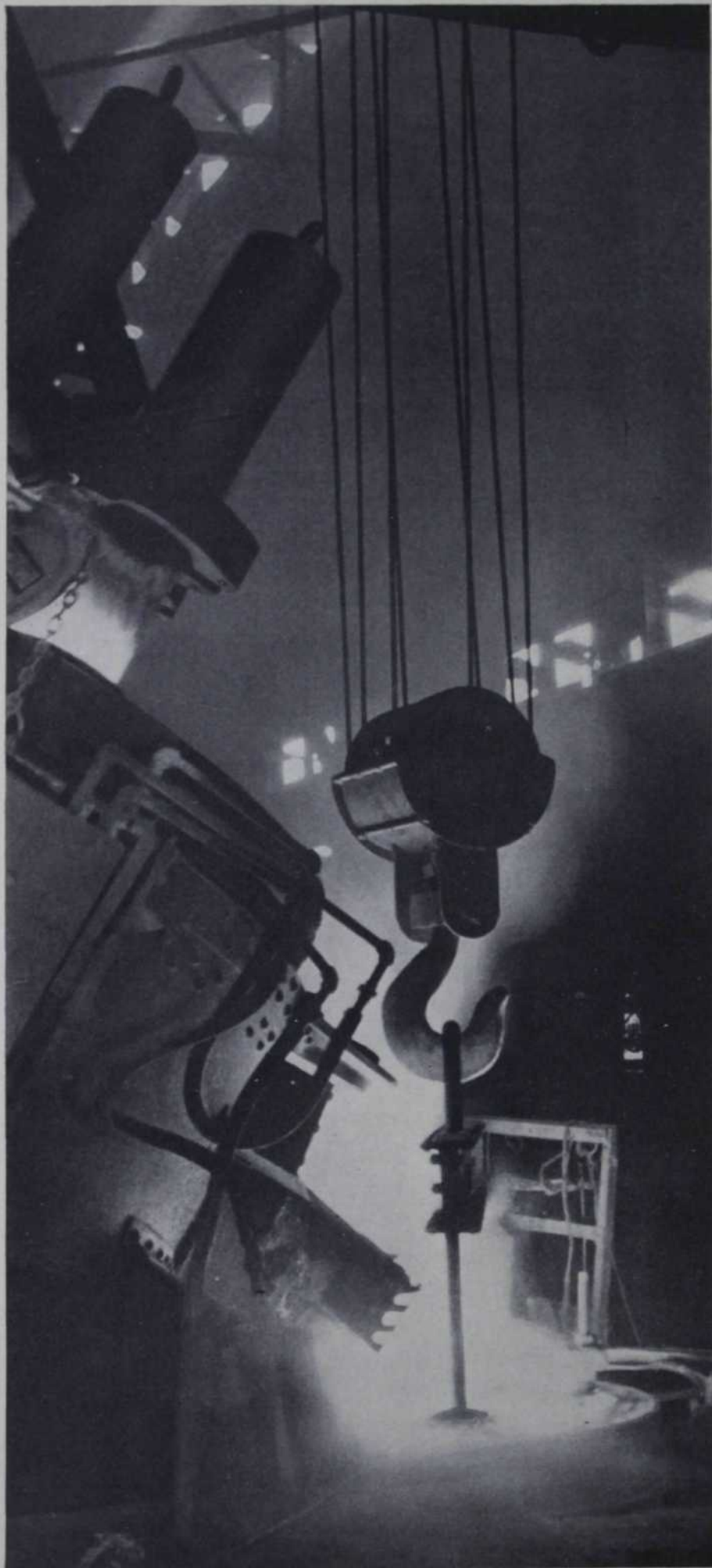


Photo of

ONE OF AMERICA'S SAFER PLACES

If uncontrolled, the hazards of a steel mill—huge machinery, white-hot bars, splashing "heats" of molten metal—would take a dreadful toll of lives and limbs. Yet steel mills, especially conscious of safety in presence of their danger, have progressed commendably in accident prevention.

Latest complete reports show an American Mutual-insured steel mill with an accident severity rate equal to only 26% of the average in *all* industries . . . and to 20% of the average for the steel industry.

Details of how this result was accomplished will be sent to interested executives upon request . . . but the principles are the same as in all the many cases where American Mutual policyholders found profits in safety.

The men whom American Mutual sends to help establish a safety program are practical safety men and practical plant operating men. Appreciative of management's viewpoint, sensitive to attitudes of workers, and familiar with production practices, they are well equipped to advise how safety problems can be most satisfactorily approached. It is such men who are to a great degree responsible for aiding our policyholders in reducing accident losses. Lower insurance costs also often result.

To these savings is added the value of injured men whose skill has been restored by our medical specialists. And a third profit, amounting to 20% or more of premium costs, has been regularly returned in cash dividends to all policyholders.

America's pioneer liability insurance company and its affiliate offer practically all forms of insurance except life. Write for "The Three P's of Safety" addressing Dept. I-2, 142 Berkeley Street, Boston, Massachusetts.

**AMERICAN MUTUAL
LIABILITY INSURANCE COMPANY
BOSTON, MASS.**

*Branches in 59 of the Country's
Principal Cities*



get 3 profits with
American Mutual



They've done it again!

The best accident prevention and safety record in the history of the Norfolk and Western Railway is the great achievement of N. & W. employees in 1939.

The 1939 employee record is three per cent better than that of 1938, for which the Norfolk and Western was awarded the coveted Harriman Memorial Gold Medal . . . is 90 per cent better than that of 1912, when the Norfolk and Western inaugurated the SAFETY MOVEMENT . . . and is 43 per cent better than the average for all railroads of the country!

That's progress! . . . progress in safety that means this railroad in 1938 and 1939 alone carried a total of 2,286,000 passengers nearly 169,000,000 miles without a single injury or fatality in a train accident . . . progress which has resulted in the actual saving of 904 employees' lives and the prevention of 32,828 employee injuries since 1912.

The Norfolk and Western's safety achievements are the result of years of practical planning, the expenditure of millions of dollars for improvements to equipment and facilities — and above all, the efforts of the railway's employees themselves.

The Norfolk and Western Railway's progress in safety means a safer railroad on which to work, a safer railroad on which to travel, and a safer and more efficient transportation system for the shipper and receiver of freight.

Utopia and/or bust

NEW ZEALAND has been going from bad to worse with its New Era. The story of its tribulations recently was told to the Executives Club of Chicago by a visitor from that Dominion.

It is now a good many years since New Zealanders became security-minded. In the course of their "progress" they found it necessary first to abolish the six provincial or state governments and later to sterilize the Council by packing it with enough new members to give control to the reform administration. With these obstructions out of the way, the central government could go ahead in earnest with its Borrow-and-Scatter program.

There followed government life, fire and accident insurance, free hospitalization, government-produced electric power, government operation of railroads, various wage and labor acts unionizing the workers and fixing minimum wages by government fiat, widows' pensions, orphans' pensions, maternity aid, family allowances and much other social pap.

But not all these things brought back the old prosperity New Zealand had known. They only brought higher and higher taxes, more and more pauper parasites dependent on government charity. As one financial crisis followed another, the Do-Gooders at Wellington met each of them by throwing the nation deeper into hock and nearer to a purely socialist state.

What will become of poor New Zealand? The answer might be valuable to Americans just now.

Secretaries for all

WHEN SENATOR HOLT unburdens himself to his colleagues on the difficulty of locating the proper person in the Department of Commerce, we are sympathetic with his plight. After calling in an expert, the Senator finally discovered that the information he sought could be obtained from the secretary to the confidential assistant to the special assistant secretary. That's still worse than the administrative assistant to the assistant administrator

reported by an explorer in one of the other agencies.

Intrigued by this hierarchy of senechals in the palace of the Secretary of Commerce, Senator Holt did a little investigating. He found so many confidential assistants, assistant secretaries, under secretaries, secretaries to secretaries, directors of personnel, and experts, both plain and fancy, at salaries ranging all the way from \$15,000 to \$2,600, that he gave up trying to count them.

The abundant life promises not only "every man a king" but also to "every government employee a secretary."

Taboos

INDIA has more cattle than the next five or six largest cattle-owning countries in the world, and three times as many as we have in the United States, says Carl Snyder, former statistician of the Federal Reserve Bank of New York, in an excellent volume, "Capitalism the Creator." Cattle constituted one of the earliest forms of money. They still serve as the principal medium of exchange among some primitive peoples in isolated lands.

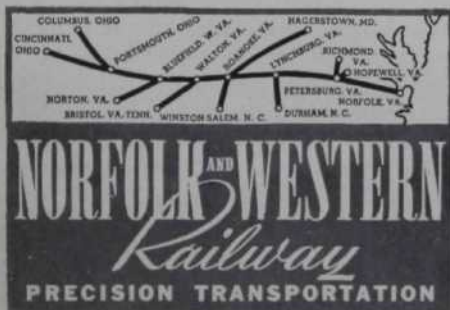
In spite of their abundance of cattle, the people of India have the lowest *per capita* income of any large country. They are "cattle poor" because they don't use their cattle as a source of sustenance.

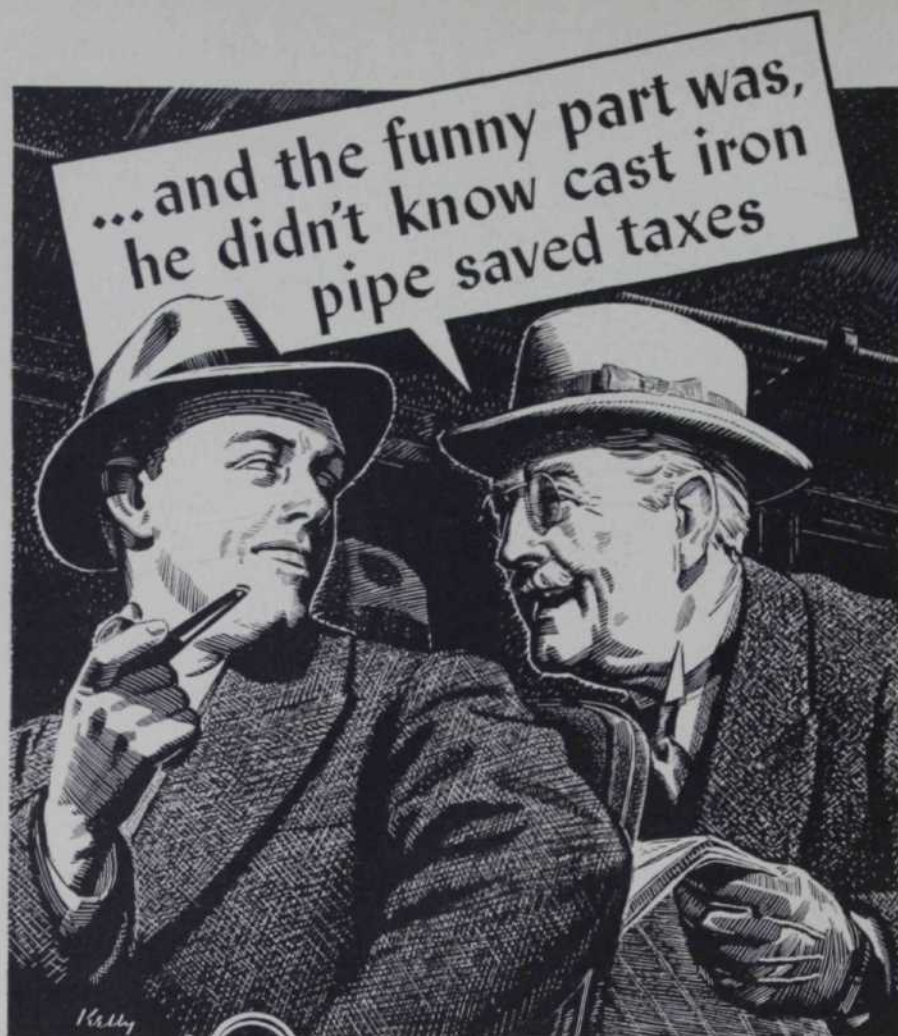
We are reminded of that great treasure of \$17,800,000,000 in gold stored away underground in Kentucky. This country has two-thirds of the world's gold. The Government, by raising the price from \$20 to \$35 an ounce, has obtained almost a corner on gold.

But we don't use our gold. For a citizen to circulate a gold coin is a crime, like butchering a steer for beef in India. And we have several million, it is said, looking for work. Maybe there's a connection between these facts. We leave it to the politicians.

History and human nature

TO THE AMERICAN student of affairs British, there are no end of surprises in the way events in Britain





MOST men and women are aware that cast iron pipe serves for more than a century—twice as long by the record as the estimated life of other kinds of pipe used for water mains. And since most water supply systems are owned by the public, long-lived water mains save taxes. Nearly two billion dollars are invested by American taxpay-

ers in water mains. So much has been saved, and is being saved each year, by cast iron pipe through avoided replacements, that it is widely known as Public Tax Saver No. 1. Cast iron pipe is the only ferrous metal pipe, practicable for water, gas and sewer mains, that rust does not destroy. Sizes from 1¼ to 34 inches.



Here is an unretouched photograph of a 109-year-old cast iron water main in St. Louis, Mo.

**PUBLIC TAX SAVER
NUMBER ONE**

CAST IRON PIPE

THE CAST IRON PIPE RESEARCH ASS'N, T. F. WOLFE, RESEARCH ENGINEER, PEOPLES GAS BLDG., CHICAGO

mirror those in the United States. In these times particularly we would be foolish not to learn from the mother country, which was first afflicted by the onset of social reform growing out of the world war readjustment.

There's the matter of unemployment, for instance. Sir Ernest J. P. Benn wrote in 1931 (N. B. September):

Unemployment is the largest and most powerful of our vested interests. Three political parties are dependent upon the continuance of unemployment, and an enormous and powerful bureaucracy grows and fattens upon it. The Ministry of Labor represents today a huge vested interest whose life depends upon the absence of the very thing it was invented to provide (employment). . . . From that day (1911) to this every political party has been vote-catching with the bait of insurance benefits.

That may explain the variable figures quoted on America's jobless, and the doleful predictions, usually by the authors of relief nostrums, that the evil is with us to stay. The socialist fixers don't want an end to unemployment because unemployed men respond most credulously to revolutionary yeasting.

Scoop!

ADDRESSING itself to the thesis that "Business Should Unmerge," our two-pound monthly contemporary, *Fortune*, delivers this cerebation:

A business should be no bigger than it needs to be.

We are rushing this result of economic "research" by hand to the T.N.E.C. and to the antitrust division of the Department of Justice.

Looking backward

IN 1804 an early American philanthropist died in New Jersey leaving an estate in trust to be used for the education of poor children in his home town of New Brunswick. Last month the New Jersey courts were petitioned to authorize some other use of this fund. There are no longer any poor children in New Brunswick to be educated by philanthropy, nor have there been for a good many years.

Could that New Jersey Pioneer resurrect himself in the flesh today he would confront a bewildering paradox. He would see a nation of free schools, free textbooks and free student transportation, where the children of rich and poor are equal, as far as elementary education goes. He would see workmen driving to their jobs in carriages such as no grandee of his time possessed. He would see four-fifths of the population living better than he, a rich man in his day, lived.

But—and here is the paradox—he

would hear endless chatter about "the underprivileged," "indecent standards of living," "wage slavery," "youth cheated of its patrimony," etc. Like some of the rest of us, he would get a headache trying to understand it.

In the name of "education"

IN ANNOUNCING a new series of 13 half-hour broadcasts over a coast-to-coast network—subject, "Roof over America"—the federal Commissioner of Education is careful to say that "the U. S. Office of Education endeavors to treat all problems and subject matter in a non-partisan spirit."

Elsewhere in his release the Commissioner explains that the broadcasts are part of a series known as "Democracy in Action." Speakers will talk of "slums that blight metropolitan, industrial and rural areas," and "how speculators and excessive costs created housing shortages and high rents." They will skin "the mortgagee—villain in the piece," and relate dramatically how "Government agencies come to the rescue." The pastoral story of Greenbelt towns and Happy Valleys will be told again, minus their comedy of errors.

To what purpose is all this education? one may ask. Can the Commissioner deny that it is solely to sell the people on all the wonderful things that are being done for them by a great and good government at Washington that notes every sparrow's fall?

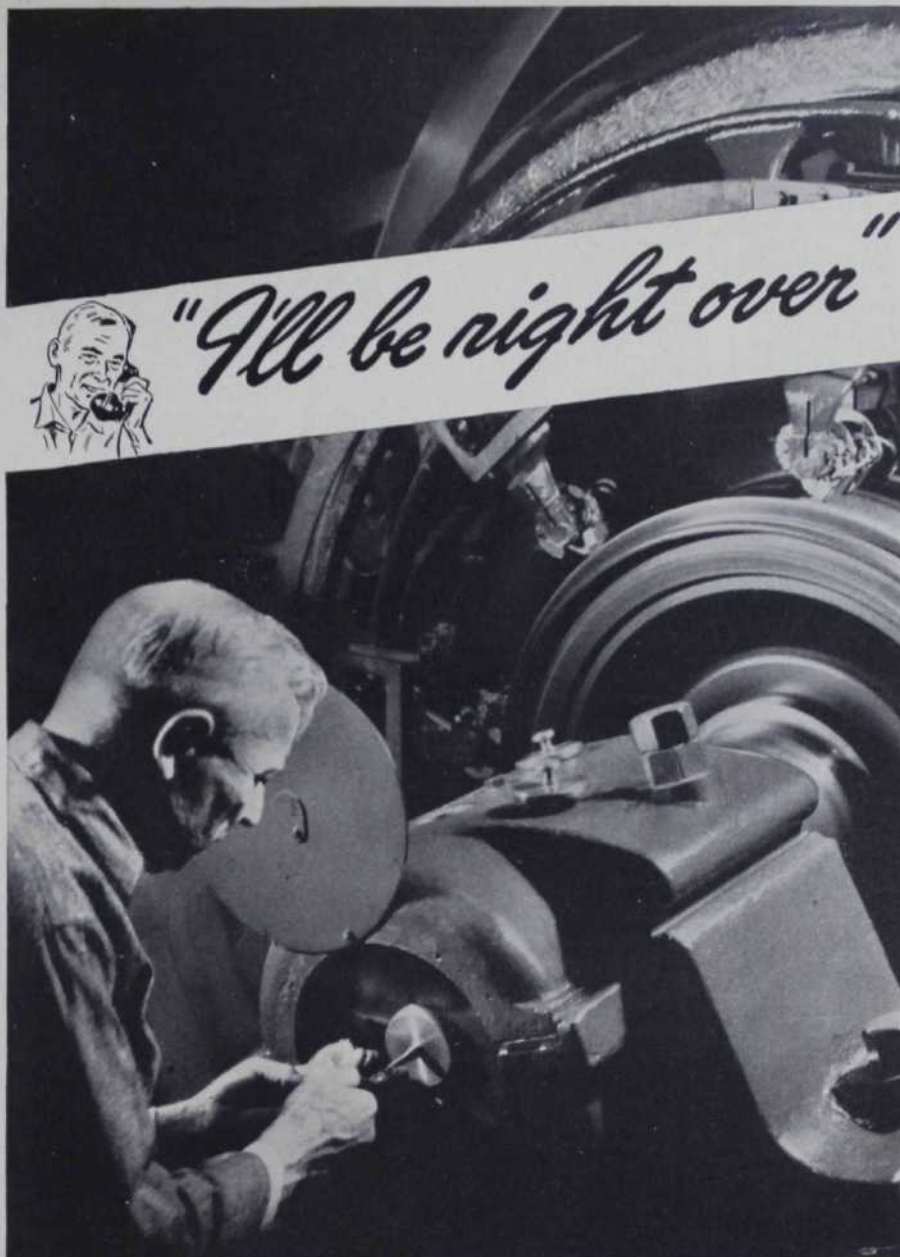
Isn't it just another piece of advertising for the precariously slipping New Era boys, like those cards in street cars all over the land carrying the glad message that "Starting in 1940, monthly checks will go to workers and their families" under Social Security?

Pinkos in the schools

A SUBSCRIBER writes us about a matter on which the voice of business is seldom heard. He says, in part:

I happened recently to read some newspaper reference to a speech made by an educator at a teachers' convention. To my surprise, the sentiments expressed were more appropriate for a Workers' Alliance group than for a teachers' organization. It prompted me to read up a bit to find out what has been going on in the world of schoolmen.

Since then I've read such books as "Education and Organized Interests in America," by Bruce Raup; "Education and the Social Conflict," by Howard L. Langford; and "The Teacher and Society," by W. H. Kilpatrick, besides running through a file of *Social Frontier*. All these writers and the editorship of the magazine stem from Columbia University. I didn't get far with their philosophy until I found that they all regard our free enterprise system with undisguised hostility. They preach a new social order to be brought about through the instrumentality of the schools. And



TWICE-PRECIOUS is the service of the doctor who lives nearby. He can come quickly when symptoms of illness appear.

Doubly valuable is power-plant insurance when engineering field staff and supervisors are stationed within quick call should trouble or disaster visit you. Their expert help in emergencies is appraised by grateful policyholders as far more valuable than years of premiums.

More than 400 field inspectors and supervisors help guard the major portion of America's insured power equipment which is covered by Hartford. They do nothing else—make no other type of inspection.

The effectiveness of their work is increased greatly by the efficient direction and co-operation of Home Office engineers. For seventy-four years this Company staff has devoted itself solely to studying power-plant behavior from the standpoint of safety. In no other association would this priceless background of knowledge be available to help inspectors—and, through them, to help owners of plants they inspect.

Hartford not only specializes in this type of insurance, but its facilities are so widespread that Hartford emergency service is usually "just around the corner." Ask your agent or broker what that can mean.

**THE HARTFORD STEAM BOILER INSPECTION
AND INSURANCE COMPANY**

HARTFORD,
CONNECTICUT



\$194,846,109.00

in plant expansions in one year!



OIL. This plant shared in the expansion program of one company to the extent of \$5,500,000 in 1939. Expansions costing \$7,000,000 are being carried out this year.



PAPER. This Pennsylvania paper manufacturing company spent \$2,900,000 for plant additions and improvements in 1939.



POWER. Industrial power is cheap and plentiful in Pennsylvania. That's one reason why industries locate here. In turn, that's why power plants expand. This is part of a \$10,000,000 expansion for one company, authorized and begun in 1939.

*There's a profit lesson for you in this
decisive evidence of Industry's confidence
in **Pennsylvania***

New plants, enlarged factories, added branch offices—but these pictures tell only a fraction of what happened in Pennsylvania in 1939.

There's a renewed confidence in Pennsylvania—a confidence built on its natural resources, its access to markets, its complete transportation system, its manpower, its buying power. A renewed confidence, too, generated by the first year's accomplishments of the state government—cutting administrative expenses 20%; reduction of personnel by 17%; repeal of hampering legislation. Best figures show stimulation of employment by industry to the extent of 400,000 new jobs.

If you seek new opportunity for your business—look into Pennsylvania. Write the Department of Commerce, Harrisburg, Pa., for your copy of "Pennsylvania—Its Many Industrial Advantages."



GLASS. A plate glass company, modernizing to keep in step with industrial progress, is spending \$1,700,000 to improve one Pennsylvania plant. This work, started in the summer of 1939, is expected to be completed before the end of 1940.

Pennsylvania

where your business can expand



ARTHUR H. JAMES, Governor • RICHARD P. BROWN, Secretary of Commerce

"new social order" is a form of revolution.

If we are to accept the results of a recent poll of teachers, done according to the Gallup technique and reported by *Social Frontier*, American teachers as a group have gone Leftward at a faster pace than any other occupational group. Among them there is apparently no organized opposition to Marxism.

Now, I don't pretend to know the workings of the academic mind in the way that academic writers claim to know the mental processes of business men. But my own "pedestrian" thinking tells me that teachers are primarily employees of the state or municipality, hired to give their students the kind of education the people want their children to have. And I don't think most of the people I know want their children taught the socialist political creed of the class war against "wage slavery." Am I right?

The professorial doctrinaires would charge our correspondent with trenching on their academic freedom. They demand a new definition of academic

freedom as freedom to the teachers to preach. But we prefer the old definition—freedom to the immature learners to learn.

Through the picket line

WILLIE BIOFF, West Coast leader in the Theatrical Stage Employees Union (A. F. of L.), was arrested recently charged with evading payment of \$84,000 in income taxes and with being an escaped convict from Chicago.

Westbrook Pegler, who exposed Bioff and an alleged racketeer president of an international union in the building trades, says the roster of high union officials includes "the nucleus of a good major league rogue's gallery." William Green doesn't like it, suspects "hireling propaganda mongers."

Give a Right-hander a Chance

Lines inspired by this month's cover of NATION'S BUSINESS

THE YEAR NINE AND TWENTY brought troubles a-plenty,
The team hit a terrible slump;
So fans in the bleachers all opened their features
To brand Pitcher Business a chump.
They booed and bemeaned him, with bottles they beaned
him,
The record he'd made was forgot.
They heckled and shamed him, a "has-been" they named
him
And booted him far from the lot.

Then up jumped a rookie, a plausible cookie,
And gave to his breeches a hitch.
The Fans and the Fannies let off loud Hosannys
As Politics started to pitch.
Said he, "Though I've never pitched ball, I am clever
And willing and earnest and deft.
The right-handed toss is out-dated as hosses
And so I shall pitch with my left."

Without any warm-up he straightened his form up
And pitched with his heart and his soul.
His speed, how it blistered; his curves, how they twisted;
But, Gawd, what he lacked of control!
No pitch, well-intended, would go where he meant it,
The plate he could not seem to find.
Soon scorers were wailing, the home team was trailing
Some forty-five billion behind.

The team from Depression has had a big session,
They've nobody out, up to now;
Let's try intervention and bench good intention
To let some one pitch who knows how.
Let's try reinstating the man we've been baiting,
Let's tell him, "That guy's not so much!
You had one bad inning, go back and start winning,
You've always come through in the clutch."

—PAUL MCCREA

A Quarter Billion Packages per Day

*wrapped by
our machines*

One of 78
different models



PUT your packaging problems up to an organization that has served America's leading packaged goods manufacturers for over a quarter of a century.

Many of the most important package improvements were either conceived or perfected by our engineering department. For lower costs, or a better selling package, consult our nearest office.

PACKAGE MACHINERY COMPANY

Springfield, Massachusetts
New York Chicago Cleveland Los Angeles Toronto

It Makes Hash of 10-Ton Rocks

—an 18-year record for the G. T. M.



To make cement, huge limestone boulders weighing up to ten tons are ground to smithereens at the Edison Portland Cement Corporation plant at New Village, New Jersey. The impact is terrific — the strain upon the belt that drives the giant crusher tremendous! To get a belt that could take it the plant called in the G. T. M. — Goodyear Technical Man — just 18 years ago. The belt he specified, a Goodyear 9-ply rubber transmission belt is still pulling

this crushing load. Four years' service was once thought remarkable on this belt-killer, but the Goodyear belt has already beat that more than four times over! That is why it pays to consult the G. T. M. — he saves you time and expense by the correct application of rubber to your toughest problems. To bring him to your plant, write Goodyear, Akron, Ohio,

or Los Angeles, California — or phone the nearest Goodyear Mechanical Rubber Goods Distributor.

THE GREATEST NAME IN RUBBER
GOODYEAR



No Batons in Political Knapsacks

A SMALL Washington group was discussing Russia's difficulty in conquering Finland. It has been a topic everywhere—why armed forces of millions made so little headway against hundreds. All the usual reasons were introduced, from the “spirit of the Red soldiers” to the “weather.” It remained for a quiet-spoken, retired Army officer to observe, reflectively:

There is no evidence of cowardice on the part of the Russian soldiers. If you study the record of the campaign you will discover that every defeat was ascribable to some defect in military operation, such as breakdown of commissary or quartermaster corps, lack of co-ordination of air and land forces—all operating responsibilities. Direction is as important on the battle-field as on the football field, or in the factory.

Observe what has occurred in Russia. The greatest fear of the Bolshevik rulers has been the Army, so, beginning in 1917, they set about destroying the officer class as “reactionary enemies of the people.” Thousands of experienced officers were liquidated; generals like Mannerheim and Leidower were driven to Finland and Estonia; more than 100,000 White Army officers migrated. Soon the Red Army had only a handful of imperial officers, and not an army, brigade or division commander among them.

Moscow, afraid that the Army would head a revolution against its rule, put its political friends in the place of trained officers, and even then repeated purges destroyed 30,000 of this new Red officer class. The Soviet gave to the worker-peasant class—inexperienced in operation—not only the direct control of business, but control of the Army as well. Military syndicalism, in my judgment, is the prime cause of Russia's trouble in Finland.

Thus the effectiveness of Russia's Army was destroyed by deposing its West Pointers and substituting for their training and experience men who supported the Party. Political patronage became the rule, along with persecution in both military and industrial armies, and both have failed to measure up to the test.

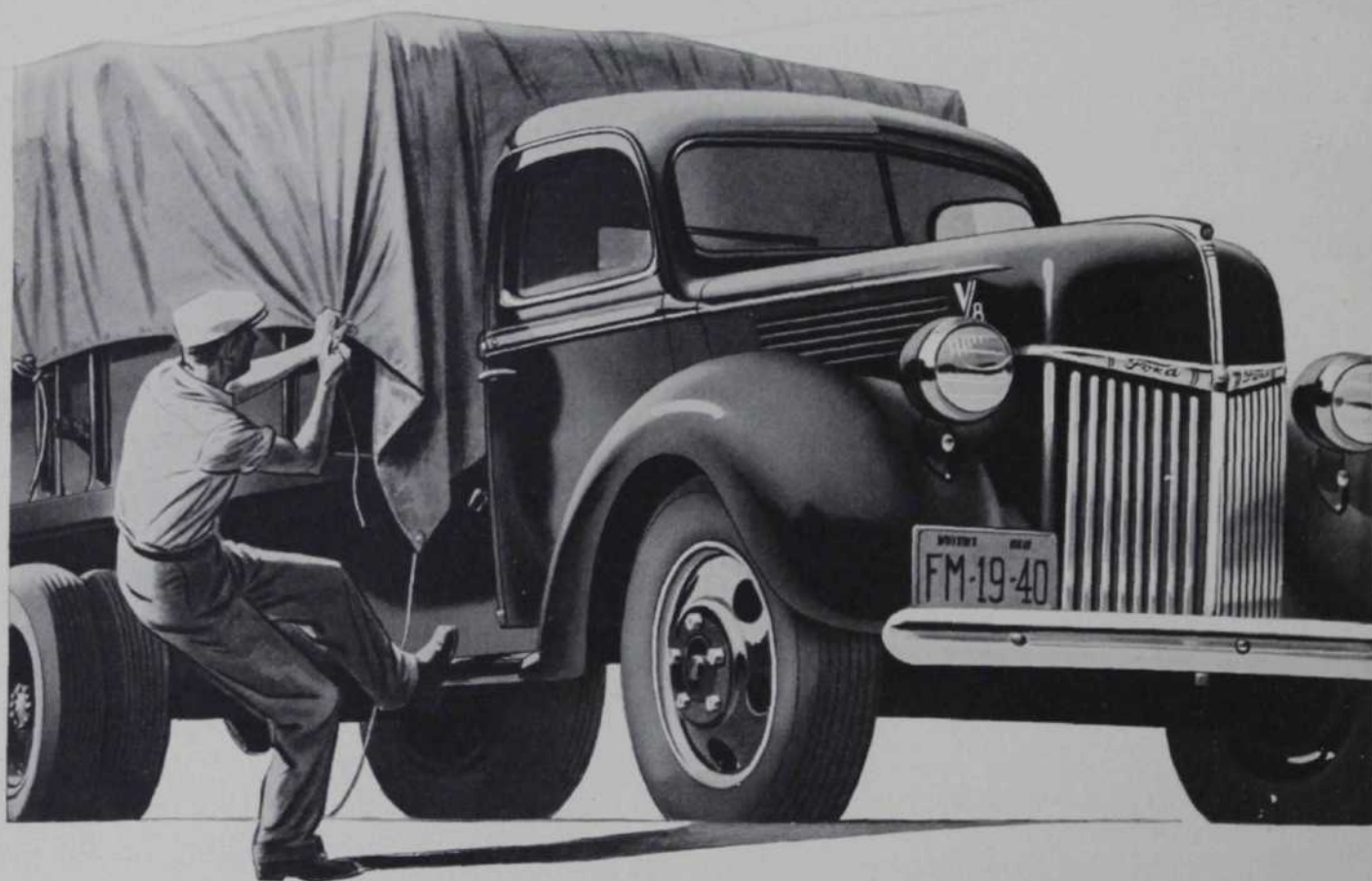
In the light of the Red Army's blundering, it

might be well, after ten years and the expenditure of billions of dollars, to consider the failure of the United States to recover the business activity we once had. Here, too, tried and experienced business management has been subjected to a form of liquidation which, if not physical, is just as devastating. There are Government competition; harassment by boards, bureaus, commissions and authorities; not only additional tax burdens, but also adjustment to penalty and social taxes, a kind of taxation new to America; days and weeks of productive time wasted in attending hearings of Washington commissars who, like their Russian counterparts, are fearful of losing their jobs.

All men are not leaders, whether the field is political, military or industrial. America heretofore has recognized its business managers as a great asset and has, until recently, encouraged them. Management is largely a thing of the spirit, a fact too little appreciated by the “makers-over of America.” The American business man in every field, from producer of raw material to retailer, has been made to feel by his Government that he is a dubious fellow with few or no rights, certainly an attitude not conducive to the fighting spirit necessary to lick a depression of sizable proportions. Add to this the uncertainty of a government by men as against that of written law, the destruction of incentive as a fundamental of “national planning”; political patrons placed in positions of management, either in direct competition or in captious supervisory capacity, and you have a picture of America's industrial army with leaders as well-nigh liquidated as the leaders of the Russian Army on the shores of Lake Ladoga.

Merce Thorne

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THE Ford V-8 Truck is built to give you *more work, in less time, at lower cost.* The Ford V-8 engine — your choice of 95, 85 or 60 hp — combines economy with endurance and great power. Ford dependability means longer truck life and lower maintenance costs. Because each Ford unit is built to stand up in hard service, repairs are fewer. . . . The Ford Engine and Parts Exchange Plan assures new-truck performance at all times. Factory-reconditioned engine and many factory-reconditioned parts can be installed

quickly — at less cost than an ordinary overhaul.

This year the Ford line is broader than ever before. There are six wheelbases and 42 different body and chassis types. Whatever you haul — stockings, stoves or steam-shovels — there is a Ford Truck or Commercial Car ready to handle your requirements. (At a fair estimate, more than 95% of all hauling and delivery jobs are made to order for a Ford V-8 Truck.)

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Ford Motor Company, builders of Ford V-8, Mercury Cars, Ford Trucks, Commercial Cars, Station Wagons and Transit Buses

FORD V-8 TRUCKS

AND COMMERCIAL CARS

Canada in the War—and Later

By FLOYD S. CHALMERS

A CANDID look at the position and prospects of 4,000,000,000 friendly American dollars that are invested across the world's most peaceful frontier

THE MOST peaceful borderline in the world separates the United States from a European war. Across that frontier \$4,000,000,000 of invested American capital is involved in and engaged in that war.

For the second time within a generation, Canada has taken its place with the countries of the British Commonwealth in a major war. In the last,



PHOTOGRAPHIC ARTS

Canada's gold production has expanded in value six times since the last war



PHOTOGRAPHIC ARTS

An increasing percentage of Canadian wealth, like this steel plant, is owned at home. Debts per dollar of wealth are less

Canada took hard blows and came out of the ring standing up. Can she do it once again—and so soon after?

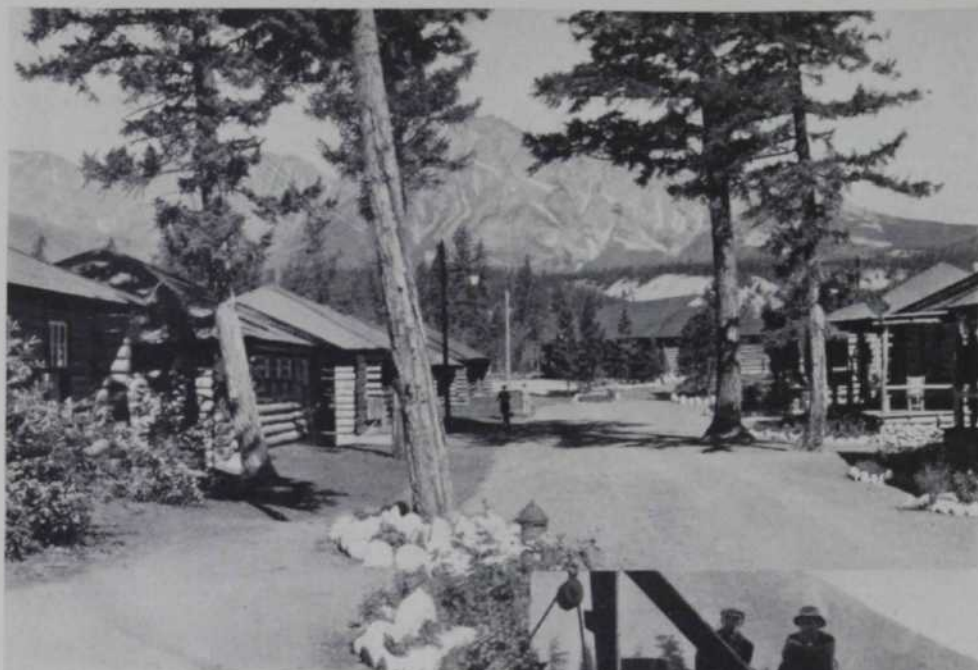
An important question that, to millions of American investors.

The question subdivides. Are American investments in Canada safe in the war? And after the war, will Canada still be a magnet drawing American dollars? Will it remain a land of promise or merely a land burdened with promises?

The American investor's faith in Canada is impressive. It is based chiefly on a hard-headed size-up of Canada as a land that still has a frontier, that still has maps to roll back.

American money has been freely invested in Canada since the last war.

In 1914 American investments there were about \$750,000,000.



American tourists are protected. Any money they take into Canada they can take out again

No field of production has been overlooked in the plans for an "all out" war effort



EWING GALLOWAY



PHOTOGRAPHIC ARTS

Canada today is building airplanes, not only for her own air force but for England as well

By 1918 they were \$1,600,000,000. American capital helped finance war plants; bought war bonds. (There was no neutrality law forbidding such loans.) American capital helped Canada play a remarkable rôle in that war. When peace came, more money followed.

Now U. S. money in Canada is invested in every conceivable way, both "portfolio" and direct.

American capital controls 1,950 Canadian companies; including nearly 1,000 manufacturing companies. It represents minority interest in many more companies.

Period of greatest flow, the 12 years after the war, coincided

with prosperity in both Canada and the United States. In 1930 American capital reached its peak of \$4,300,000,000.

Since then there has been a net outflow. Periods of depression are always periods of debt repayment and not periods of new investment. True Canadian Governments have continued to borrow—but at home. They have taken advantage of easy money to call in their "New York payment" bonds issue bonds payable only in Canada and thus get rid of the exchange risk.

New gold production, increased American travel into Canada, and a favorable balance of trade with the world have helped Canada to reduce its foreign debts. Canada has used its trade surpluses with England to acquire

U. S. dollars and buy back bonds and stocks held in the United States.

American capital has continued to venture into Canada but Canadians have offset the movement by their own refundings and repurchases.

The outbreak of war in September saw a little flurry of American selling of Canadian securities. Then came the most drastic of Canadian war measures, a system of Exchange Control that stopped withdrawal of foreign capital from Canada. The measure was forced on Canada by the lending embargo in the neutrality laws.

Recently, each week has seen an increase in the purchase of Canadian securities by Americans, and in investments in the expansion of existing industrial branch plants. War or no war, Exchange Control or no, plenty of

United States investors still find Canadian investments attractive, particularly when 100 American dollars will buy \$110 of Canadian securities.

What is this new war doing to Canada and to this American capital? We shall understand the matter better if we take a quick glance at the economic consequences of the last World War on Canada.

The effect of a war

THAT war was costly to Canada. By the time she had demobilized her troops she had increased her public debt from \$544,000,000 to \$3,000,000,000 (not all attributable to the war). Ottawa's annual expenditures had increased from a modest \$186,000,000 a year to nearly \$700,000,000 at the peak. Canada had raised 595,000 troops; lost nearly 60,000 of them.

These were some of the costs, all heavy costs, hard to bear.

But much more than that happened to Canada. She found herself as an industrial nation. Her factories grew. Her exports boomed (mostly of war materials). American capital streamed in. The national wealth (measured in physical as well as dollar terms) expanded rapidly. In every industrial town and city, factories turned out war supplies, articles that Canada had never dreamed she could make. For instance, she built more than 2,500 airplanes. Her steel output expanded more rapidly than that of any other na-

tion. Output of minerals and foodstuffs climbed. Wheat acreage doubled. Canada was able to lend money to Britain to buy war materials on this continent. Even the United States turned to Canada for war supplies, and placed orders for \$280,000,000 worth of munitions with Canadian plants.

The industrial development, engendered by the war, slackened only momentarily with peace. As American capital poured into factories, power developments and mines, Canada's industrial growth continued to set new records.

If this had not happened, Canadians might have had difficulty carrying their war debt, their railway debt, their new pension bills. Canada had some lucky breaks.

But there were realists in Canada. As they looked back on the economic management of Canada in the war they realized that, with so much new prosperity, they should have done a better job of paying the bills as they went along. The sacrifices made by the folks at home did not match the sacrifices of the men in the field. Munition workers and farmers enjoyed "prosperity" while bonds were sold to pay most of the war bills. The taxpayer got off too lightly.

Two facts demonstrate this:

In 1917, the British Government alone spent in Canada for munitions more money than was taken out of the stream of purchasing power in war taxes.

Of Canada's direct war expenditures through the period of demobilization, total-

ing about \$2,000,000,000, less than \$600,000,000 was raised by taxation.

Canada has had 20 years to ponder the lessons of the last war. She hopes now to avoid the mistakes that she and all other nations made then. Her new policy is to pay the war bills as incurred to the full extent that she can. Canadians have decided that they ought to make their economic sacrifices in war time and thus lighten the economic sacrifices that must be made in a post-war period that may again be marked by world-wide business dislocation and depression.

Today as Canadians take a candid look at their economy to size up its ability to stand the strains of a new and totalitarian war, they see both credits and debits in the balance sheet.

Rapid industrial growth

THE credits include the country's vastly expanded industrial and trading machinery. Population has increased 44 per cent. Gold production is six times as great. Wheat acreage is two and one-half times as large. Manufacturing industry has more than doubled. Electric power developed is four times as abundant; (Canadians have more power *per capita* available to them than any other country). Output of copper has grown eight times; of nickel, five times; of lead, 11 times; of newsprint paper, five times.

A larger percentage of the national

(Continued on page 104)

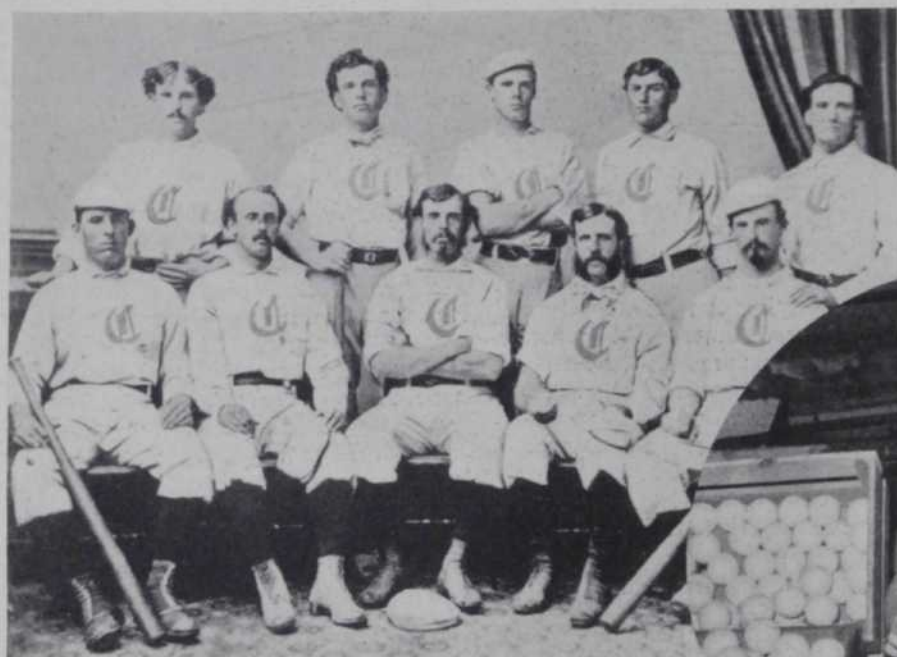


United States capital, pouring into Canada, has carved towns like this out of the wilderness. This is the town-site of Arvida, in northwestern Quebec. It grew up as the result of U. S. investments

CANADIAN AIRWAYS

A Baseball Yarn Made Home Run

By EDGAR FOREST WOLFE



In 1869, these Cincinnati professionals were charged with using a "lively ball"



WIDE WORLD

Each ball made at the Spalding Bros. plant is carefully weighed before it is covered

SPORTING NEWS



Ty Cobb, right, was 1909 champion with only 9 home runs



Ben Shibe started making baseballs as a sideline

PLAYING BASEBALL is largely a summer sport, but the business of making the ball with which the game is played continues throughout the year—and behind that is an interesting story of the founding of one of the nation's biggest industries.

One day in 1865, two young men met in Philadelphia. One was "Ben" Shibe, a horse car driver and leather worker who plaited whiplashes and covers for "blackjacks" which he himself peddled to the trade. The other was "Al" Reach, catcher for Col. Thomas Fitzgerald's Philadelphia Baseball Club and the only player at that time who was paid a salary for playing the game under contract.

Some of the boys home from the Civil War had been playing this new game of baseball around Philadelphia. Six clubs—the Athletics, the Philadelphias, the Olympics, the Winonas, the Equities and the United Baseball Club—had been formed to play match games on the old Camaco Woods Cricket Grounds. The few rules were whatever the contending teams agreed upon before the game and the equipment was anything that happened to be at hand.

Some of the boys had been getting clever.

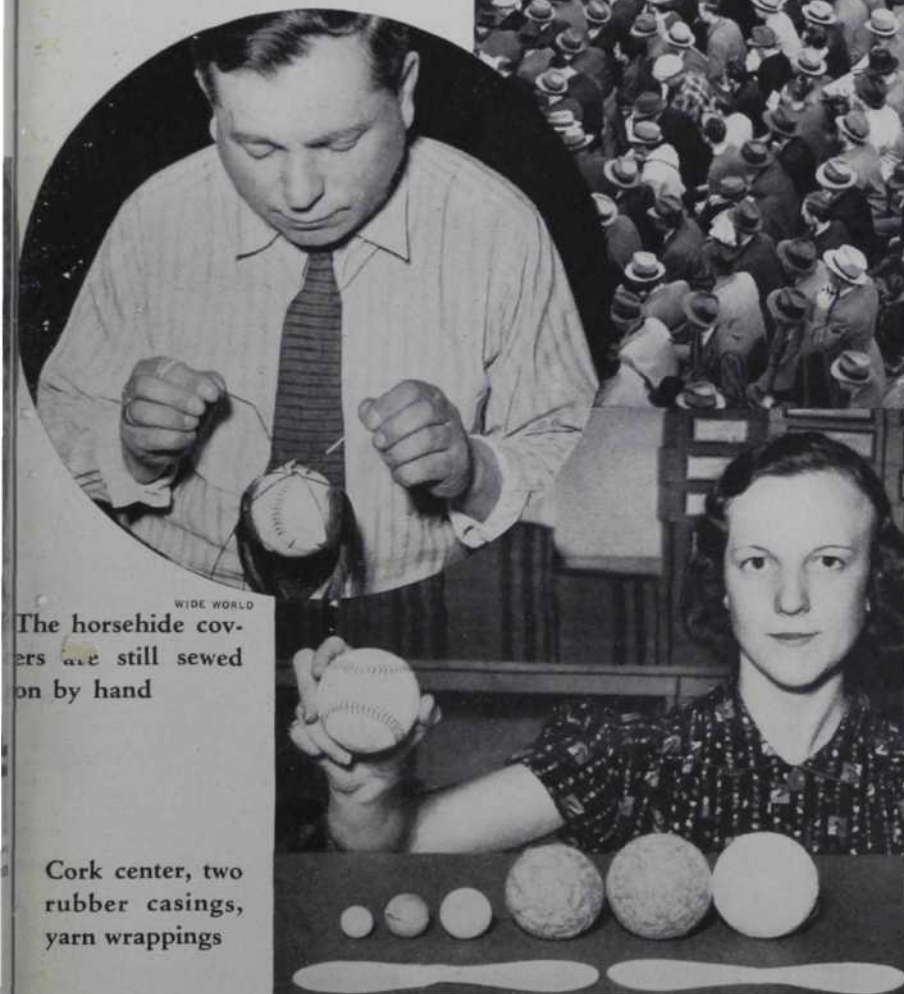
Heroes

When their team was at bat they would put into play a ball composed of solid rubber wrapped thinly with yarn. When the opposing team came up, they substituted a "dead" ball. Gamblers, learning of this practice, had begun to make wagers and sell pools on the number of what they then called "aces" that were scored. The result was so demoralizing that there was considerable talk of abandoning the new game altogether.

This gave "Ben" Shibe an idea. He proposed to make a standardized "regulation" baseball of uniform weight and size with a tight-fitting leather cover, and then have the various teams provide in all challenges that match games



Bleacher fans at World Series all hoped a home run ball would fall into their laps



The horsehide covers are still sewed on by hand

Cork center, two rubber casings, yarn wrappings

must be played with this standardized ball.

That day in 1865, "Ben" Shibe interested "Al" Reach in his idea and the ball player went into business with him. In April, 1866, they opened a little factory and sporting goods store in Philadelphia on Chestnut Street above Fourth, under the name of A. J. Reach & Co.

The young originators of the idea looked upon it merely as a temporary means of making a modest living. Their plant didn't amount to much. The few men employed could turn out only a few baseballs a day by the most arduous labor.

"Al" Reach, the ball player, experimented with balls of various size and weight, catch-

ing, throwing and gripping the balls with his fingers—and all the baseballs that were so laboriously turned out with their limited mechanical equipment were weighed and measured.

They found, however, that it was impossible for them to adhere strictly to size and weight, so they made the specifications read that all standardized baseballs must be "not less than nine nor more than nine and one-quarter inches in circumference and weigh not less than five nor more than five and one-quarter ounces." Those specifications, evolved in 1866, are today Section 1, Rule 14, of the official playing rules of Organized Baseball.

In July, 1867, the Nationals, of

Washington, an amateur baseball club composed of government employees started on the first tour of an eastern baseball club into the West. Shibe and Reach induced Col. Frank Jones, president of the Nationals, to provide in the challenges that all games must be played with the standardized baseball. This meant more business for the little shop on Chestnut Street.

Then came the first "rabbit ball" squawk in baseball history. The Nationals played their first game against the Capital Club of Columbus, Ohio, winning, 90 to 10. They beat the Cincinnati 53 to 10. The next day they beat the Buckeyes of Cincinnati 88 to 12. In Louisville, they won 82 to 21. Then they beat the Western Club of Indianapolis, 106 to 21, and the Unions of St. Louis 113 to 26.

Heavy hitters had advantage

THE western teams charged that the young manufacturers of the new ball had purposely "loaded" the sphere with rubber to favor the more experienced players and heavy hitters of the eastern team. The western players, being new at the game and wearing no gloves, were unable to field the hot shots that were blazing through the infield and over the outfielders' heads.

This squawk about the "rabbit ball" became more pronounced in 1869 when the first professional baseball club, the Cincinnati Red Stockings, played 57 games without a defeat. It was charged that the "lively ball" favored the more proficient professional players—which, in fact, it did. In those 57 games the

Red Stockings scored 2,395 runs—an average of 42 a game. They hit 169 home runs and their shortstop, George Wright, who played in only 52 of the games, hit 59 home runs and scored 339 times. That same year the Niagara club of Buffalo, using the new "standardized" baseball, won a game by the score of 209 to 10.

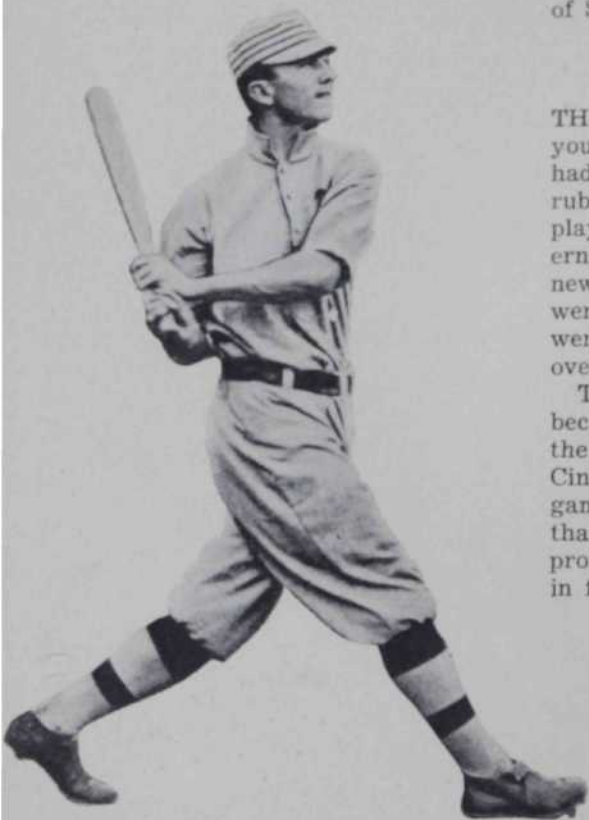
Threatened with the outlawing of their product because of the huge scores the more proficient clubs piled up, Shibe and Reach began to experiment in taking some of the bounce out of their ball.

While they were thus engaged, the success of that first professional baseball club in Cincinnati brought the dawn of a new era to the game. The National Association of Baseball Players, which prohibited paying the players, died a natural death as other professional clubs began to take the field and the National Association of Professional Baseball Players was formed in March, 1871.

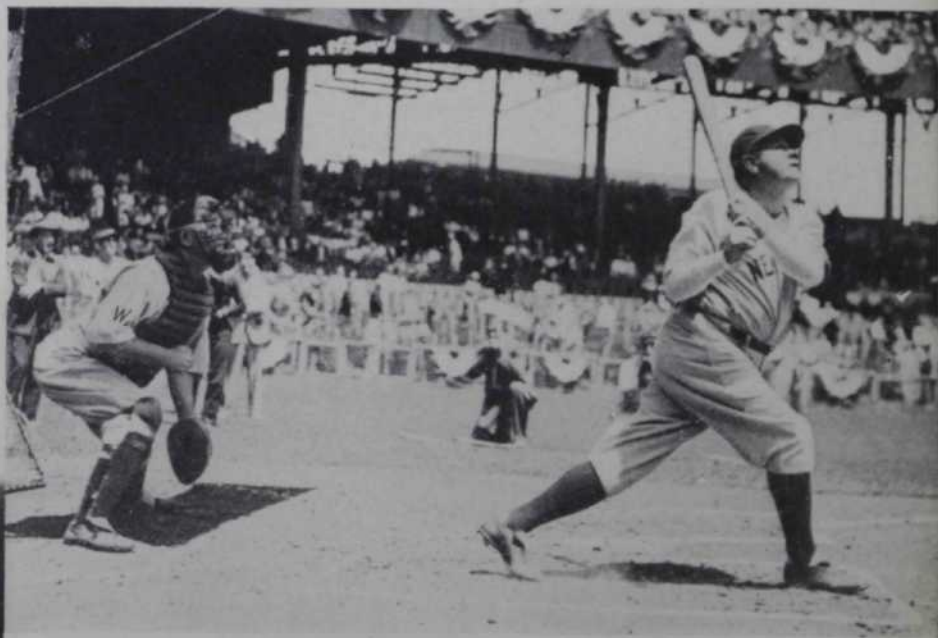
Ben and Al solved their problem of taking some of the bounce out of their ball. They also saved their business by getting the newly organized association to adopt their ball for all match games—which was an easy matter as it was the only ball being made to standard specifications.

The success of their efforts to take the bounce out of the ball is shown by the scores. That season the Chicago White Stockings and Hartford Blues played ten innings without either side scoring. The White Stockings won in the eleventh, 1 to 0. Boston beat St.

(Continued on page 128)



Frank Baker was a home run king, but his highest yearly total was only 12



Manufacturers refused to deaden the ball even after Babe Ruth broke record with 60 home runs in 1927

Tommy Leach of Pittsburgh led home run parade with six in 1902



Benefactors may realize what education can achieve, but they will have no money

Will Taxation Cripple Education?

By DOUGLAS SOUTHALL FREEMAN

WHEN Edward S. Harkness died on January 29, his obituary stated that his benefactions had totaled \$100,000,000; but about the same time the John Price Jones Corporation announced that total gifts and bequests in 1939 in six leading cities of the country scarcely exceeded that sum. If Samuel H. Kress' donation of his \$25,000,000 collection to the National Gallery of Art were excluded, the total for 1939 to all other educational and charitable purposes in New York, Chicago, Philadelphia, Boston, Baltimore and Washington would be about \$76,000,000.

That is "big money," but it stands in tragic comparison with the \$111,-

WHO will carry on the research on which progress depends if the rich whose bequests made this work possible are taxed out of existence?

000,000 of the "bad" year 1934, and it is less than half the gifts of some pre-depression years. If it be asked why traditionally generous American philanthropists now are giving only \$76,000,000 to education and charity in 12 months, the most inclusive answer is that the Government of the United States is spending a like sum every three days. Federal taxation is drying up the springs by which the

universities, the research centers and the charities of the nation were watered. In addition to the normal tax of four per cent, the surtax on an income of \$250,000 a year is \$120,000. The estate tax on \$1,000,000 averages about \$178,000. To these taxes, those of the states, which vary much, have to be added.

Because Government takes the larger part of all that the most productive men of America earn and accumulate, there will be no more fortunes as large as those of Andrew Carnegie, of the Rockefellers, of the Mellons or of the Fords. After the death of multi-millionaires now alive, the prospect is scant of another Hark-

ness from whom Columbia University will receive \$30,000,000, Yale \$15,000,000 and Harvard a like sum. Benefactors may have the vision of what can be achieved in education and in science but they will not have the money. Government has seen to that.

This discouragement, through prohibitive federal taxation, of large benefactions is as shortsighted a policy as any national government, and above all the government of a republic, ever can pursue. The reason is to be found both in the pattern of progress and in the realities of our social order. If there is to be real advancement, scientific research must be encouraged, education must be promoted, health must be protected, hospitalization must be provided.

At the same time, the federal Government faces demands for national defense and for social security. Instant need will be met at the expense of ordered planning, and will be found to call for ever-mounting billions. It takes no prophet to see that, for the next few years and perhaps for a dark, indefinite future, the army and the navy will require annually larger funds than were spent for all purposes, except the postal service, before 1916. Social security and farm bene-

fits will eat up all that is not demanded for defense and for the unescapable costs of administration. This means that the expenditures of Government will be canalized. The more the Government does in directions shaped by national danger and by pressure-groups, the less it will be able to do to all other ends. That is certain. All the wealth and all the industry of America will not yield, under the harshest system of taxation, half of what may seem desirable.

States are handicapped too

WILL the states be able to meet the needs the federal Government cannot supply? Manifestly, they will not. They, too, are subjected to endless calls for service and for social security. The best that can be expected of them is that they will care for their defectives and delinquents more adequately, that they will find money for vocational training, that they will maintain and gradually will extend their highway systems, and that they will continue the miscellaneous services they now perform. As for the older and larger cities which have spent billions on utilities, they will be fortunate if, after another 20 years of

suburbanization and the flight of industry, they may hope to hold their own and to escape bankruptcy. The case may be less discouraging for the younger and smaller cities that plan wisely and have no great inheritance of debt.

Assume, then, that the cost of national defense and of social security can be met by federal taxation, and that government, from top to bottom, can discharge essentially its present functions but can do no more. Whence, then, are to come the hospitals, the funds for scientific research, and the necessary buildings and endowments for non-state-supported institutions of higher learning? Thirty years ago, we could have pointed to the examples set by Andrew Carnegie and John D. Rockefeller, and could have predicted with reasonable assurance that these needs would be met by private philanthropy.

At present, the most that can be said is that, in all probability, the hospital facilities that government does not provide will be supplied by a multitude of relatively small gifts. The relief of physical suffering has an emotional appeal which high taxation will not paralyze. Benefits to man-

(Continued on page 126)



Confiscatory taxes dry up funds that would otherwise go to research

Leaders in the March of Business



Left to right: F. Hughes, S. E. Lauer, W. S. Shipley

S. E. LAUER, new president of York Ice Machinery Corporation and vice president of the Air Conditioning Manufacturers Association. It was largely through his efforts that the company's world wide distributor organization was built up. He concentrated his efforts on increasing the firm's distributive mechanism from 50 branches and an export office until he had added 200 distributors in the U. S. and 35 abroad, giving his company one of the largest service organizations in the refrigerating industry.

I. J. Harvey, Jr., president of the Flintkote Company, announced an expansion program to include the construction of a \$2,000,000 factory in Meridian, Miss., for the manufacture of insulation board products. The company now has plants at Rutherford, N. J., Chicago Heights, Ill., New Orleans, La., Lockport, N. Y., and Los Angeles, Calif.

H. L. Wynegar, president of Commercial Credit Company, Baltimore, whose company has announced that it will diversify its operations by entry into the small loan field on a national scale. Several industrial banks and small loan companies have already been set up as subsidiaries in various states.

Paul L. McCord, Indianapolis real estate operator, has won national recognition for his single-handed effort in rebuilding a complete neighborhood through the purchase of small houses in a single district and reconditioning for sale at prices ranging from \$1,000 to \$3,000.

Thomas H. Corpe, for 17 years an executive with General Motors and now general sales manager of the Vega Airplane Company (subsidiary of Lockheed) in Burbank, Calif. His company recently purchased the factory facilities of the Continental Aeronautic Corporation and will manufacture the lowest priced plane ever put out by the Lockheed organization. In addition it will develop new commercial models and produce airplane parts for other manufacturers. Mr. Corpe was an ace pilot in the Canadian and Royal Air Force during the World War.



I. J. Harvey, Jr. (left) and Kenneth Dawson



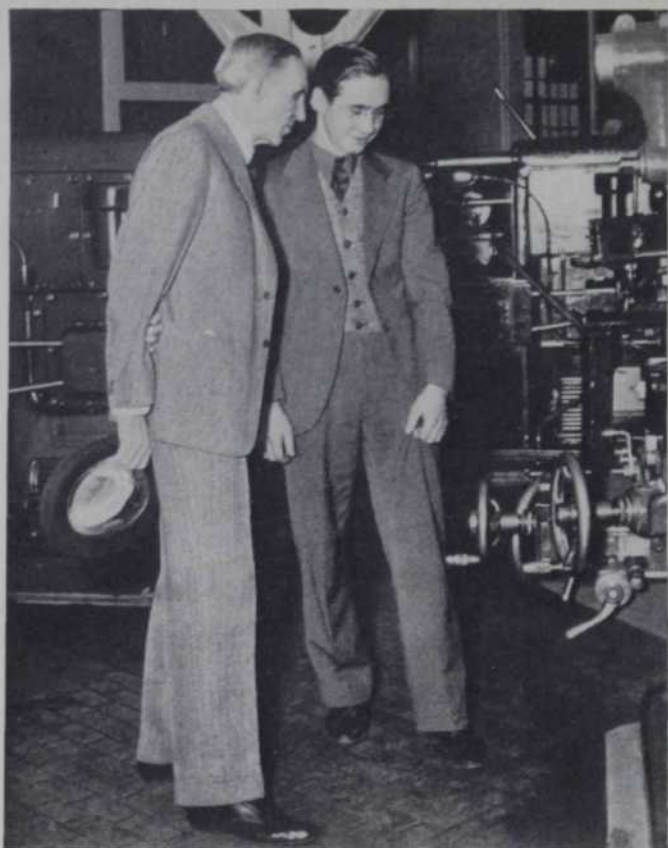
Howard L. Wynegar (left), C. M. Bishop of Brooklyn



Thomas H. Corpe



Paul L. McCord



Always interested in youth, Ford welcomes the 2,500th student to his training school



Henry Ford was called a young "lunatic"



BROWN SHOS.

When he was 76 years old, Edward Payson Weston broke the records he had made in his youth

MORE potentially big men are reduced to nonentities by a little swift success than by long years of failures. This is as demonstrable in the arts, professions and sciences as in business. Nearly everybody can take a rap, if only because he has to. More than a majority stand up to it, become inured, and profit by it. But how many can take an orchid and remember that it is a parasite? "... and walk with kings, nor lose the common touch"?

These reflections were inspired the other day by a man whom I have not seen in more than 20 years. He made a vivid impression on me at the time. Though more than one and twenty even then, I was still young and in a hurry. He came back the other day. He had

been dead for 14 years, but he came back through his biographer.

"That is a dangerous hour in the history of men and institutions," the biographer quoted this man as saying, "when they become too popular. Whenever a small man is praised, he immediately loses his balance of mind and ascribes to himself the things which others foolishly express in flattery.

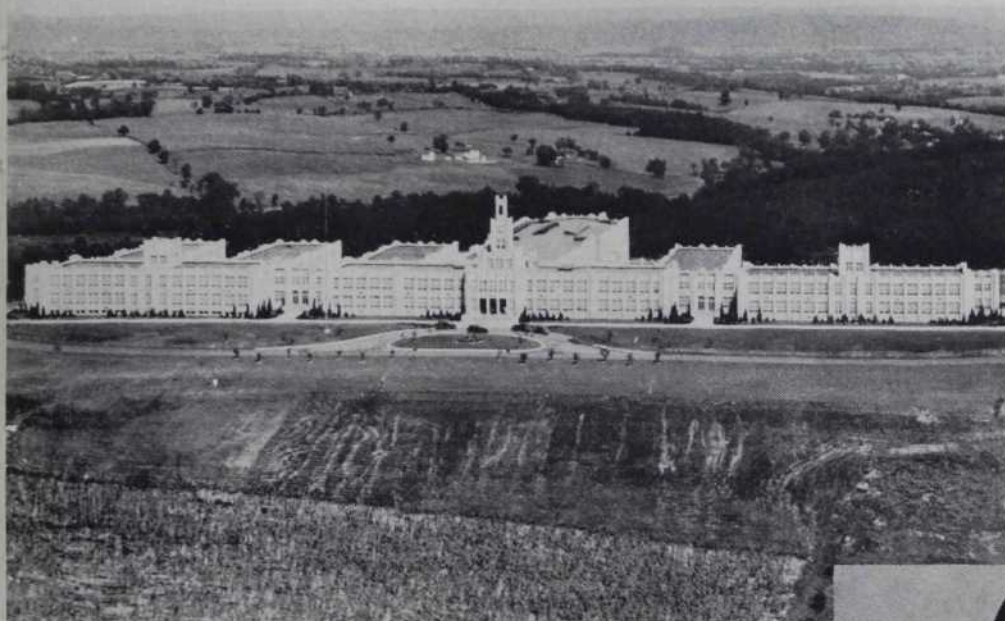
"The weakest hour in the history of the greatest enterprises is likely to be when they seem to be, and their proprietors think they are, strongest. Take heed lest ye fall in the hour of your strength. The most powerful mill stream drives the wheel most vigorously just before the flood sweeps the mill to wildest destruction."

The man quoted was the Rev. Dr. Russell H. Conwell, founder of Temple University in Philadelphia. He knew something about the success subject. In turn he had won honors and position as soldier, journalist, lawyer, lecturer, minister of the Gospel, educator and author. He earned and gave away to poor students \$8,000,000. When he died at 82, he was bewailing his own incompetence.

It would profit no one to list the promising men who let little and sometimes big successes go to their heads in the past few years. The names of many of them are publicly known. They have been in the news as tragedies, or laughing-stocks. It occurred to me, however, that it might be of value to check Conwell's philosophy against certain men who have refused to become swell-headed, even over big achievements. The results indicate that

Success to Go to Your Head

THE average man can take a rap better than he can absorb the poison from a swelled head which often follows from his swift success



The Hershey Industrial Junior-Senior High School where more than 1,000 orphan boys are educated by M. S. Hershey

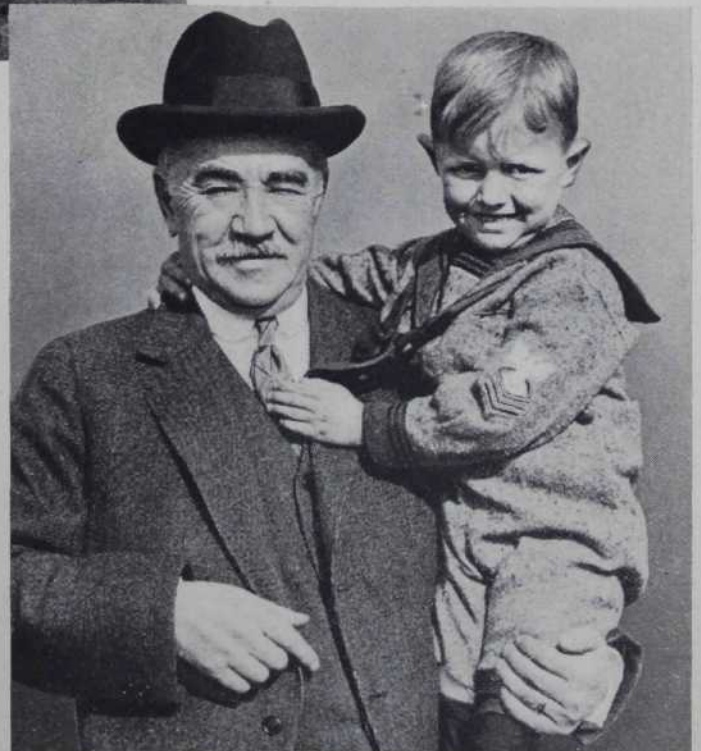
nobody has to be an Alexander finding no more worlds to conquer in this land of the free.

Some 35 years ago, for example, one of the town's leading "flops" in Detroit—according to his critics—was a slender little Jack of all trades. Some of his fellow townsmen thought he was a lunatic. He could tinker with any kind of machinery and make it go. But, though he could always get a job, he was always leaving to putter on his own hook. As a result he got himself laughed at so much that finally he took ridicule as a matter of course.

Henry Ford has probably produced or directed the production of more manufactured wealth since then than any other man in history. His River Rouge plant is a model of efficiency. Big enough to employ more than 100,-



The late Justice Holmes made his first radio talk on his 90th birthday



Mr. Hershey says he never knew happiness until he started working for others than himself

000 men at production peaks, it functions with the accuracy of a fine watch. Just to show what it could do, the Doge of Dearborn once let Edward of England see the birth of a motor block. From bloom to bench it took 48 minutes.

A good place to start

WHAT does Ford think of this plant? I asked him some years ago. "It's a good place," he said, "to start."

"The only thing Henry Ford ever sees in any of his shops," one of his associates told me later, "is what can be improved. When he finds a process that everybody else says is the last word he is likely to order it scrapped so that he can start all over again. He sees it as the last word in a faulty method."

Success in the generally accepted meaning is perhaps the only thing in life that Henry Ford really fears. He also believes that the self-admission of it has broken far more men than failure. He ought to know. He has had to fire many such men. In their own minds they had become indispensable to the business. Ford has repeatedly said that the indispensable man is like too many eggs in one basket. He is a menace to his employer, his associates and himself.

The president and founder of La France Textile Industries is another illustration. He is Bernard Davis of Philadelphia. Last time I talked with him, his corporation had 28 sales offices, three plants in the United States and one each in Canada and France. He was probably the first American to carry style to France, and make it stick.

I went to Davis for a success story, and got it with a new twist. When I expressed admiration, his face took on

such a woebegone expression that I thought he was going to break into tears.

"I can see nothing when I look back," he said, "except the mistakes I made. There wasn't a single action that couldn't have been directed and performed more intelligently."

Davis, a musician at heart, went to work as a young man for a chair maker in Kensington, the vast textile district of Philadelphia. He found huge mills dominating the nation's output of tapestries, and tried to buy some of the fabrics for upholstery. The mills wouldn't sell for that purpose. Tapestries were for drapes and other hangings.

So Davis got some of his own looms. In ten years he had built a new world market. Before the end of that time

he realized he would have competition. Accordingly, he established La France Textile Institute. Free scholarships were given to students of design showing talent. All who produced acceptable designs were paid the going market value of their work.

"We are helping a lot of boys and girls to get better jobs, and at the same time to be happier by appreciation of art and the finer things of life," said Mr. Davis. "It is a paying investment."

The venerable Milton Hershey tells everybody that he had never known real happiness until after he had tried to retire, found he couldn't, and went back to work for others rather than himself. Around the turn of the century he sold out his caramel business at Lancaster, Pa., for \$1,000,000. He and Mrs. Hershey started on a trip around the world, but tired of it a few weeks later.

Hershey then put the million, or most of it, into a huge chocolate plant in a cornfield which his neighbors called "Hershey's Folly." He also started a home for the care and education of orphan boys. The plant is now owned in trust by the home. The business supports the boys and the boys supply

(Continued on page 124)



When Dr. Russell H. Conwell died at 82, he bewailed his incompetence



Above: E. J. Kulas in 1917 in yard of company he organized to manufacture cartridge cases for Italy. At left: he is at extreme left in front row. Picture taken in 1899 with fellow employees in a freight office



Our 'Reconstructed' Educational System

By AUGUSTIN G. RUDD

PARENTS who marvel at the growth of such organizations as the "Young Communist League" should read the school books their own children are studying

HAVE YOU noticed how little present-day children know of American history, and the basic reasons for the liberties we enjoy? And haven't you also been shocked by some of the socialistic ideas and theories they have brought home from school? Or wondered at the astounding growth of organizations such as American Youth Congress, American Student Union, Young Communist League, Young Pioneers and others sympathetic with the despotism of Soviet Russia?

There are reasons for this. Things like this do not just happen. The main reason is that our entire educational system has been "reconstructed" in several vital particulars. Textbooks and complete courses teaching that our economic and political institutions are decadent have been placed in public schools in more than 4,200 communities in the United States, according to advertised claims of the publishers. That's what has happened in little more than a decade while you and I and others have been too engrossed in our own affairs to look between the covers of our youngsters' textbooks. It has come about through the widespread teaching of "Social Science," an omnibus course practically supplanting specific study of history, geography and U. S. Government.

Let's see just what sort of thing is being taught in these courses. That can best be done by examining some of the text books by Prof. Harold Rugg, of Teachers College, whose system is so widely used in schools hailed as centers of progressive education.

In 1933 Professor Rugg incorporated his complete philosophy in one volume called "Great Technology" which is the key to the entire series of his school textbooks. In it he speaks



Our machine workers are portrayed as slaves and our leaders of industry as heartless money-bags

of the development of the West and thus pays his respects to the founders of the Republic:

Nothing about this story of degradation is clearer than that in any of those decades a fairly decent standard of living could have been had by the people of the expanding West. That it was not and is not today can be traced primarily to the theory and practice of government set up by our fathers.

And as to the "rights" of individuals:

In thinking about human wealth, the scientist rules out all pecuniary matters, all questions of the "rights" of individuals to take larger-than-average shares of the world's wealths, and all legal rules of contract relationship.

Professor Rugg then indicates clearly that he would do away with most of the current middlemen who "interfere with the conversion of energies to the uses of man," and thus interfere with the economic system of production for use as opposed to "pro-

duction for sale for private profit."

In bringing about his new social order, the author recognizes that the debris of our present institutions must first be cleared away. He finds many obstacles in his path: "The principal ones are too deep-rooted loyalties of the mass of the American people." The first is free competition which he says is at the base of the "American Dream" that "you are as good as the next man."

The "obstacle" of freedom

THE second is our tendency to conform to an entire culture lacking in integrity. In fact, one covered by "the veneer of respectability which shelters a whole inner structure which is sheer racketeering aggrandizement." He recognizes a further serious obstacle to his plan in "the traditional American interpretation of freedom—that is the freedom to race with your neighbor for the worldly goods and the social prestige of men."

Although the Rugg books are by no means the only texts in public schools embodying these ideas, his works are so numerous that they dwarf all others. They include:

1. Textbooks, or reading books, which a child takes home.

2. Pupils' work book in which questions are posed.

3. Teacher's Guides which pupils cannot take home.

There are 14 of the textbooks—eight for the elementary grades and six for junior high school. There are 14 Teacher's Guides, one for each textbook, and the working books and accessories are legion. To this impressive array must be added reference reading, "selected" materials and magazines which naturally reflect the same viewpoint.

One of these magazines having wide circulation in classrooms is *Scholastic*. In the hearings on the District of Columbia Appropriation Bill (1937) Thomas Brahany complained that his 15-year-old daughter was required by her teacher to write a summary of a sordid negro sex story, "The Proudful Fellow," by Julia Peterkin, which appeared in this magazine. We find this reference to it in the issue of December 17, 1932:

This story deals with illicit sexual complications in a triangle involving full-blooded negroes, with a double killing taking place, committed by the outraged husband when he catches his wife in illicit relations with another negro.

In the Teacher's Guides, which are not available to parents, the teachers

are instructed to see that the questions posed in the pupils' work books are given the required answers. After an impressionable 12-year-old child is dragged through one mythological story after another portraying our machine workers as wage slaves, and our leaders of industry as heartless money-bags, he is asked a series of questions to ascertain the conclusions reached on "Our Country and Our People." The first question is:

Is the United States today a land of opportunity for all our people? Why?

Propaganda in school

WHAT would you say? What would you expect a child in school to be taught? This is what the child should answer, according to Harold Rugg's Teacher's Guide:

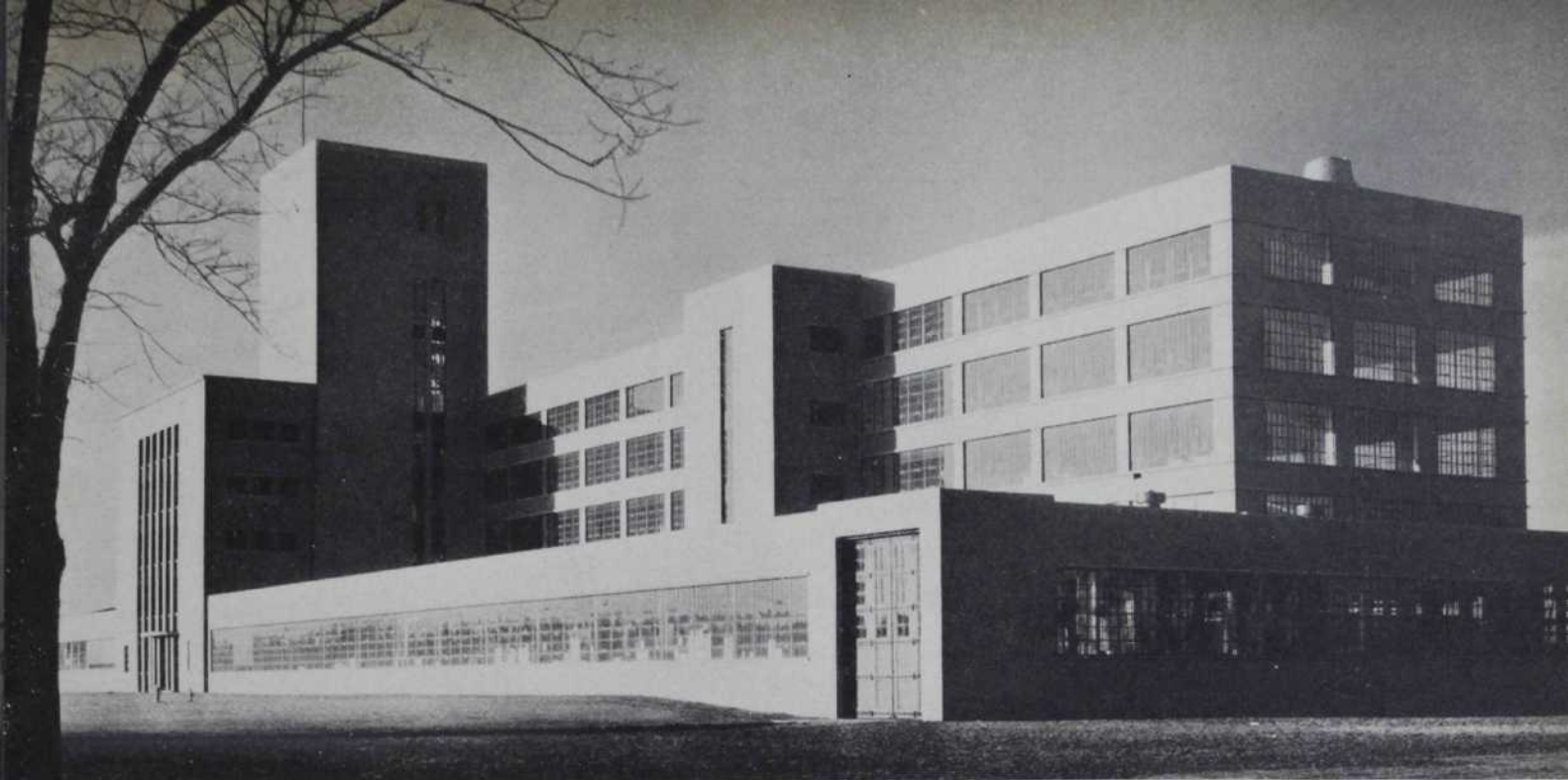
The United States is not a land of opportunity for all our people; for one-fifth of the people do not earn any money at all. There are great differences in the standards of living of the different classes of the people. The majority do not have any real security.

This answer does not appear in the textbook which is assigned the child to take home. In case the child should conclude that the answer is "Yes," the

(Continued on page 93)

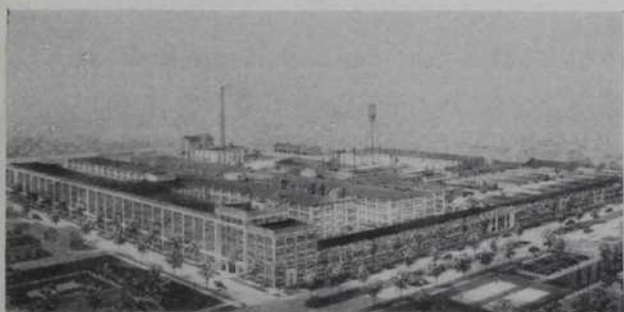


Courses teaching that American economic and political institutions are decadent have been placed in many school systems



New Burroughs Factory Branch, Plymouth, Michigan

Growth + + +



Burroughs Factory and General Offices, Detroit

Throughout the years, Burroughs has adhered to the highest standards of manufacture and quality, and has developed a worldwide factory-trained and factory-controlled service organization.

Over a half-century ago Burroughs started in a small machine shop to manufacture the first practical adding machine. Business has since depended more and more on Burroughs for a steady flow of machines and developments to meet constantly changing conditions. Today's range of Burroughs products includes practically every type of figuring, accounting and forms-writing machine.

With this background of experience and wide variety of machines, Burroughs meets the needs of today's business for speed and economy, and is building for the future along lines which have made Burroughs a worldwide institution.

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DOES THE WORK IN LESS TIME—WITH LESS EFFORT—AT LESS COST



ASSOCIATED INDUSTRIES OF MINNEAPOLIS

Pitched battles in the streets made Minnesota determine to write a new labor law

Minnesota's Year of Labor Peace

By WILLIAM H. KELTY

THINGS ARE pretty warm for the National Labor Relations Board these days. Witnesses before the House investigating committee tell an astonishing story of incompetence, favoritism and general unfairness that may speed amendments to the Wagner Act. And when it moves to change this law, Congress might take a careful look at what several of the states have done to promote employer-employee harmony. In the field of labor relations the whole can learn from some of its parts.

Probably no part of the country has been a brighter spot on the labor map in recent months than Minnesota. One year ago, April 22, 1939, Governor Harold E. Stassen signed a law for which he had high hopes. It promised a square deal to employers and to labor. Neither its sponsors in the legislature nor the Governor intended it to pamper pet unions and throw an anchor to struggling employers. They meant the Minnesota Labor Relations Act to bring indus-

UNIONS as well as employers have responsibilities under a law which has stabilized business and prevented loss of wages by reducing strikes

trial peace on a sound basis. They did their best and hoped for gratifying results.

Early this year Governor Stassen reported that only 2,185 Minnesotans were involved in strikes in 1939, against an average of more than 15,000 in 1936, 1937 and 1938. The state's largest city, Minneapolis, showed only 13 per cent as many man-days of work and 15 per cent as much wages lost in 1939 as were lost annually in the three preceding years. In 1939 more than 200 Minnesota labor disputes that might have become strikes bringing wage losses to 20,000 employees—didn't. They were settled by the Labor Conciliator's office, the administrative division

created by the Labor Act. Any legislation that produces a result like this deserves the study of Washington and of the nation at large.

Minnesota didn't get a labor law out of thin air. It was written because people demanded it. They insisted that needless strikes and lockouts should cease. From 1930 through 1938, state government had been in the hands of a group which seemed to believe that organized labor could do no wrong and that business was never right. During that time, radical unionism, centered in Minneapolis' truck drivers' union, grew to power. Local 574 (later 544) decided who might use Minneapolis streets and who might not. Farmers could bring



Some interesting facts about a famous "best seller"...

IT IS NO EXAGGERATION to refer to a life insurance policy as a "best seller." For today, in America, more than 64 million people own at least one, if not more.

Yet we venture to say that relatively few policyholders have ever taken the time to read their policies, word for word, from beginning to end.

Have you? If you have not, we urge you to do so, at once. The time it takes to read your policy could not be better spent, for it contains provisions of the utmost importance to you and to those for whose benefit you own insurance.

For example, let us consider four important provisions in a Metropolitan Life Insurance policy. All of them are required by law in most states. Their importance to you will be immediately apparent.

1. "Grace Period." Human nature being what it is, it is to be expected that some policyholders may occasionally be a few days late in paying their premiums.

To take care of such situations, your policy, in accordance with the law, provides a grace period. This means that even if the premium has not been paid on the date due, the policy will be continued in force for from 28 to 31 days without penalty to the policyholder. If the policyholder should die within this period, the unpaid premium is deducted from the amount payable to his beneficiary.

2. "Misstatement of Age." Suppose an applicant for life insurance misstates

his age—either knowingly or unknowingly—and the error later comes to light. Obviously, the difference between his stated age and his correct age has a bearing on the amount of insurance to which he is entitled for the premium he is paying. In other words, the company is obligated for the proper amount of insurance for the premium paid—more, if the age has been over-stated... less, if it has been under-stated.

3. "Incontestability." Another provision in the policy states that the policy shall be "incontestable" after a period of 1 to 2 years. What does this mean?

It means that, in most states, the company is allowed a limited period in which to verify the information contained in the policyholder's application, and to contest the policy if that information is found to be untrue. Obviously, the company should be allowed a reasonable length of time to do this.

But, once this limited period has elapsed, the company cannot seek to void the policy because of incorrect statements the policyholder may have made in his application.

4. "Policy Constitutes Entire Contract." When two people sign a contract, both of them want to be sure that every provision and condition affecting their agreement has been set down clearly, "in black and white," in the document itself. They wish to avoid the possibility of either party, at some later date, attempting to introduce new and different condi-

tions into the agreement—conditions which were not originally a part of the document itself.

So a life insurance policy, like any other contract, must be complete in itself. In other words, the policy you receive contains *all* the promises made to you by the company, and *all* the conditions with which you, as the policyholder, must comply. No conditions or agreements which are not part of the document can be considered binding on either party.

As we have said, these are only four of the provisions contained in your policy. The others are of equal importance to you. And so we repeat... the time it takes to read your policy from beginning to end could not be better spent.

COPYRIGHT 1940—METROPOLITAN LIFE INSURANCE CO.

This is Number 24 in a series of advertisements designed to give the public a clearer understanding of how a life insurance company operates. Copies of preceding advertisements in this series will be mailed upon request.

Metropolitan Life Insurance Company

(A MUTUAL COMPANY)

Frederick H. Ecker,
CHAIRMAN OF THE BOARD

Leroy A. Lincoln,
PRESIDENT

1 MADISON AVENUE, NEW YORK, N. Y.



no produce to the city, nor carry purchases away, without paying tribute to the union.

One man described a beating given him by thugs when he tried to load machinery for his own farm onto his own truck without taking out a union card. There were scores of similar cases. Outlying districts of the state got a dose of such conduct at close quarters when the Minneapolis union sent its agents to organize other cities.

In 1934 came events Minneapolis people don't like to talk about, but can't really forget. Two strikes tied up the city for weeks. Mass violence, marked by shootings, pitched battles in the streets and frequent sluggings, brought several deaths. The memory of those clashes accounts, in part, for Minnesota's determination to write an effective labor law. The fact that far too many legitimate disputes became strikes or lockouts because no adequate conciliation machinery existed is a further reason.

In November, 1938, unsatisfactory labor conditions helped send 31-year-old Harold Stassen into the Governor's office and a conservative legislature into the State House by landslide votes. As soon as the new administration took over, in January, interested groups began trooping to St. Paul with plans for an industrial relations law.

The State Federation of Labor produced a bill based upon the Wagner Act, creating a Board with strong powers of coercion against employers. The Federation proposal defined many unfair labor practices by employers but none by trade unions. It specified a long list of workers' rights, but gave business only the right to

sign a closed shop contract. It made no provision for employer representation before the Board. With the people of Minnesota feeling so bitter about unfair labor demands, this Federation bill was not popular.

Cutting down strikes

MUCH more enthusiasm met another proposal, far more drastic in its curtailment of labor excesses. This "rural bill," so-called because its five sponsors came from agricultural regions, reflected the discontent of those sections with radical unionism. It forbade the signing of any closed shop or dues check-off agreement. It outlawed sit-down strikes, strikes not sanctioned by a majority of workers in secret vote, threats or violence to force workers into unions, strikes for any purpose except to change wages or working conditions at the plant being struck, refusals by employees to bargain collectively, hindering "pursuit of any lawful work" by mass picketing, threats or other means and any obstruction of entryways to places of employment or of roads or agencies of transportation. Organized labor, of course, fought the rural bill desperately.

When it looked as if this measure might be passed, Governor Stassen called a conference of legislators, business men and labor leaders. He insisted that the bill be toned down, that emphasis be placed on settling labor disputes by conference rather than on defending abstract "rights" of either

workers or employers, important as some of those rights might be. A new bill, embodying these changes, was passed.

Here's what the Minnesota Labor Relations Act provides:

Its expressed purpose is not merely to define or punish certain unfair labor practices, but to work toward "the avoidance and settlement of labor disputes and the promotion of industrial peace." There is no state labor board under the Act as finally adopted; instead Minnesota has a State Labor Conciliator. His chief job is to prevent strikes and lockouts by bringing about non-violent settlements of disputes.

The Labor Conciliator is aided by procedure set forth in the Act. Whenever an employer or labor group wants to negotiate an agreement or change any conditions of work, the other party must be notified. For ten days after notification both sides must try to work out a peaceful solution. After that, the employer may announce his intention to lock out, or the employees their intention to

(Continued on page 111)



Lloyd J. Haney, right, former union president, serves as State Labor Conciliator



Property loss growing out of strikes, once common in Minnesota, does not often happen today

The CASE for DISTRIBUTION



LOHR

A REVIEW of the accomplishments of the American system of distribution, together with an interpretation of relevant developments now shaping in the field of public policy

The Miracle of the Market Place

DISTRIBUTION is the art and science of carrying merchandise of all kinds from producers to merchants, and from merchants to ultimate consumers. In the word "distribution" is included all we know of salesmanship, of intelligent buying at wholesale and retail, of prices and terms that are profitable to all concerned. Manufacturer, wholesaler and merchant—farmer and livestock raiser—must distribute *effectively* to live. The consumer—meaning everybody—grows either prosperous or miserable, either rich or poor in possessions, in proportion as distribution is effective.

Free distribution in America has an amazing achievement to its credit. Every visitor to our shores is astonished to find workers enjoying conveniences and goods that are upper class luxuries even in the leading nations of Western Europe. An Englishman or a Frenchman fairly gasps when he sees for the first time the wife of an American workman sweeping her floors with an electric sweeper, sending her washing out to a power laundry, heating her house by thermostatic control and taking her children to school in the family automobile.

These things didn't just happen. They are the products of a system. The American achievement is far more than invention, technology and the mechanical age in the last great West. It is also the miracle of marketing. Only it is not actually a miracle.

The free market is a place where men and goods and services compete with each other

for the favor of buyers and where, in the long run, the best is sure to win.

The art of distribution is one with which *all* governments in human history have meddled. The most durable governments are those which have imposed fewest artificial checks upon the natural law that prices are determined by supply and demand. The most prosperous consumers are those most free from governmental tampering with the flow of commodities.

Such tampering may be well meant. But finally it impoverishes both those who produce and sell and those who buy and consume.

No development which has intensified the complexity of modern living has changed natural laws governing distribution. The assumption that man's evolution demands more state controls over his activities is probably the foremost superstition of these times.

To survey the scene from the perspective of history is to perceive that progress moves in precisely the opposite direction. The more civilized we become, the fewer controls we need. The story of our people in the 700 years since Magna Charta is one of a long series of liberties wrung from reluctant rulers. Socialism in all its forms is a step backward in the ascent of man from absolute rule.

This conclusion is reaffirmed in "The Case for Distribution," presented as the fourth in the NATION'S BUSINESS series revealing the status of basic industries in the light of their achievement and the trend of public policy.

The CASE for DISTRIBUTION

The basis of political economy is non-interference. The only safe rule is found in the self-adjusting meter of demand and supply. Do not legislate. Meddle and you snap the sinews. Give no bounties; make equal laws; secure life and property, and you need not give alms. Open the doors of opportunity to talent and virtue, and they will do themselves justice, and property will not be in bad hands. In a free and just commonwealth, property rushes from the idle and imbecile to the industrious, brave and persevering.

—Ralph Waldo Emerson

TWO HUNDRED YEARS AGO, America was a handful of poor villages and penniless farmers, dotted on the edges of enormous forests.

As a people, we have done a great job. Two hundred years are a trifle in human history. If you have seen both your grandfather and your grandson, you have seen people who bridge *more* than 200 years of time.

Yet, in these five generations since 1740, we Americans have performed the heroic task of clearing, populating, farming, industrializing and civilizing a country larger than Great Britain, France, Germany, Spain and Italy put together. In this short time, we have become the most productive agricultural country in the world and also the richest industrial nation.

Our public and private education, our national art and culture are no longer contemptible. Once scorned by foreign visitors, they are now models for many other nations.

But we have been a people in a hurry. We have hurried to open stores and to build factories. In the 50 years between 1840 and 1890 we built the most extensive railway system in the world. In the 40 years between 1900 and 1940, we built America's automobile industry, and provided ourselves with 520,351 miles of roads, one-fifth of them the highest type of surfaced highways in the world.

Every year, we sell and buy through wholesale and retail channels more foods, beverages, house furnishings, clothes, shoes, automobiles, radio sets, bathtubs, candy, cigarettes, other tobacco products, cosmetics, musical instruments and many other necessities and luxuries than are called for in any other nation.

This mighty production and consumption have come fast. In all this hurry to sell and to buy, we have imported many things (including *ideas*) without pausing to consider if we needed them or not.

Our American ideal of government and of enterprise has been distinctively our own. We have summed it up in the word "liberty." The United States has always been a free country. By contrast with any large country abroad, it is a free country still.

This freedom is being challenged. The challenge was even stronger eight years ago than it is today. Beginning in 1930, we

Rogues all

The nation has never before witnessed such a general and continuous muck-raking of our business life. In condemning business evils we have condemned business as evil. We began with the banks. They were non-social money-changers. Our investment bankers, without conscience, appropriated the mite of the widow and bought Peruvian bonds. That section of business activity which produces and distributes electrical energy was labelled "power trust," bleeding the people white. Manufacturers were chisellers, rebaters, exploiters of child labor, operators of sweat shops. Lumber, oil and coal men were "barons." Exchanges were gambling houses. Advertising and selling were waste and direct charges upon consumption. Retailers were gougers and oppressors of the consumer. In no instance were these rogues and pariahs of commerce permitted to present a case for themselves.

—From "Business, Politics and Recovery."

That wicked aluminum trust

In their control of the aluminum industry the late Mr. Mellon and his associates undoubtedly made large profits, but not at the expense of the public.

When these men took over the patents of an Ohio youngster this metal was selling for around \$1.50 a pound. After 30 years of as near a monopoly as any industry of our day, the price of aluminum was around 19 cents a pound. In their efforts to "mulct" the consuming public these "high binders" and "thieves," as they were freely called, reduced the price of the utensils made from aluminum by nearly 90 per cent; meanwhile, as noted, paying the clever young man who invented the process a trifle of \$23,000,000 in royalties.

—Carl Snyder in "Capitalism the Creator"



Without an effective distribution system, the farmer would have to find individual customers for his produce

Why, of course!

Every Socialist must obviously repudiate the competitive principle. . . . We are now ready for a stationary economy, and ready to send the dynamic economy of capitalism back to the devil from whence it came.

—Werner Sombart,
leading economist of Nazi Germany

Retailers and the consumer

In 1900, food cost was 50 per cent of the average pay envelope; it was 49 per cent in 1917; 37 per cent in 1933, and 32 per cent in 1935.

—Paul Findlay in
Butcher and Grocery Clerks Journal

became infected as a nation with the foreign concept of socialism. In these ten years we accordingly lost, for the moment, many of our liberties. But we have the power and opportunity to regain them by applying remedies which all thinking business men, regardless of party affiliations, now intend to apply.

Suckers for imported ideas

BUSY for two hundred years as explorers and builders, as inventors and administrators, we Americans have notoriously been suckers for imported ideas.

A hundred years ago, every rich American thought it a mark of his position to buy "old masters" from European picture dealers. On expert appraisal, many of the supposed masterpieces have turned out to be merely copies—and worthless copies at that. The same applies to many of the tapestries, antique furniture pieces and Oriental art objects foisted in the old days upon unsophisticated American collectors.

Fifty years ago, we Americans were excitedly importing foreign noblemen to marry our heiresses. Such princes and dukes were not necessarily bogus. But these marriages were usually unhappy, and now foreign noblemen are a dime a dozen in our matrimonial market.

Twenty years ago, the European fad of "psycho-analysis" took America by storm. In its wake came endless discussion of abnormality and perversion. Now we realize that the few victims of these practices are neither funny nor sinister, but are subjects for medical care. We have stopped getting excited about them.

Fifteen years ago, in the teeth of national prohibition, we were rebelling against homebrew and synthetic whiskey, and gaining a mighty reverence for imported beer, wine and Scotch. Even now, with good American products available at low prices, we have not quite lost our naïve adoration for imported brands.

Ten years ago, when the entirely inevitable smash followed the World War boom, we swallowed the doctrine that socialism would somehow make things better for the masses. All experienced business men knew better. But experienced business men were too busy salvaging what little they could, out of the nation-wide panic, to realize how deeply the Marxian maggots were boring into the public mind.

The dreariest, most dismal, and most hopeless of social and economic programs is presented in "Das Kapital" by Karl Marx. Yet its readers have been numerous. It appeals to one of the deepest of human feelings—the envy of money. The plea is that, by taking money away from the rich and giving it to the poor, the great masses of mankind will be made richer.

The economic fallacies of Marx, motivated by an honest resentment against the incompetence of the military and land-owning caste in Russia, have been tried on a large scale in that country. All that has been proved is that socialism does not work. State socialism is only a change over to state capitalism. The serf has escaped from land-slavery to state slavery.

As far as the ordinary Russian man or woman is concerned, a Commissar is merely a Czar without perfume. The bitter lesson has been learned in Russia, Germany, Italy and elsewhere that a proletariat never raises itself by its bootstraps. Only individual effort, plus individual saving, plus the system of free enterprise we call capitalism, raises people to comfort and security. Socialism spawns dictatorships.

The high tide of socialism in America started ten years ago. Largesse (called "relief") was showered down on a scale unheard of since the most troubled days of Ancient Rome. Stunned Congressmen, hearing the demand for bread and circuses, voted "Aye" to appropriation bills which soared to astronomical heights. For the first time, the word "billion" came into common use as a measure of money. Until then, \$1,000,000,000 had seemed what it is—an immense sum.

Followed the passage of bills drawn with vaguely benevolent social purpose. The execution of these bills, when passed, was put in the hands of spending and lending bureaus with names like alphabet soup. Shocked taxpayers tried in vain to remember the difference between D.L.C. and D.B.C. or F.C.A. and F.C.U. Along with dozens of these government banks arose a horde of inquisitorial and regulatory commissions with confusing pet names like F.C.C., F.T.C., F.A.A., F.W.A., F.S.A., and so on, far into the night.

Santa Claus and Torquemada

THESE COMMISSIONS, of course, provided job havens for professional nuisances of all ages and both sexes. Once appointed to serve one of these Unholy Inquisitions, any "reformer" could investigate, legislate, regulate, prosecute and persecute business to his heart's content.

It was the old children's game of Cops and Robbers on a gigantic scale, played with the Government always as Cops and business men always as Robbers. For the first time in America, our Government became two-faced. One of its faces wore the grinning mask of Santa Claus. The other wore the sneering frown of Torquemada, the Grand Inquisitor. It was years before the masses woke up to find that Santa Claus was a myth.

Paupers were growing no richer, no more comfortable or secure than they had been under the old system of private enterprise and private charity. All America's paupers, along with those just above them in the intelligence scale, found jobs fewer instead of more numerous. That was because business had been forced to pay too much of its capital and its earnings into the bottomless pit of the government treasury. Trying to support the immense government expenses with the tiny aggregate profits of industry was like trying to operate a steam yacht with the proceeds of a chestnut roaster.

So, many rich men hibernated through the ten years of depression on their diminishing fat, while the poor grew steadily poorer. Home relief has been proved in England and other countries to be just about enough for gin, but not enough for warm clothes and nourishing food. By the time the American pauper got his home



EWING GALLOWAY

This line in front of a government food shop in Russia shows the alternative to distribution under free enterprise. William Henry Chamberlin tells of an old woman who stood shivering in line in front of one of these stores and complaining that while the co-op representative was making eloquent speeches about the future electrification of Russia he had failed to supply the local store with kerosene

The smugness of perfection

The bureaucratic mind, as I have had occasion to observe it in my three years in Washington, is fearfully and wonderfully made. It has a peculiar blindness. Unlike the professional or business mind, which is always self-critical, dissatisfied with current results, always reaching out for better products, better methods, improved personnel—unlike the minds in the professions and in business—the bureaucratic mind has no capacity for self-criticism. Its code demands that always and under all circumstances it must defend its operations as the best possible performance, and resist with all its force and vindictiveness any suggestion that its record could possibly be improved.

—Rep. Bruce Barton of New York



She knows the milk is clean and fresh and modern distribution makes it convenient for a few cents a day. The two-quart bottle, a new development, lowers the price even more. Her mother kept a cow; she washes a bottle

Congress fears its own creatures

Here is what the Senate Judiciary Committee thinks of the extraordinary and arbitrary powers now vested in bureaus, boards and commissions in Washington:

The time has come when some of these regulators consider themselves above the statutes and when they show contemptuous disregard for both the Congress and the courts. Unless this country is to become first a parliamentary and then a totalitarian government, with the states reduced to mere police provinces, and with both the legislative and judicial branches of our Government dominated by the administrative agencies of government, these administrative agencies must be required both to observe the terms of the statutes and to exercise good faith in the administration of such statutes.

On the same subject the House Judiciary Committee had this to say:

... for lack of sufficient legal control over them, a few develop Messiah complexes. They honestly and fervently believe that their mission in life is at least to reform the United States regardless of the terms of the statutes, the Constitution, or anything else.

relief, or the pitiful wages of his work relief, he found it would buy few of the necessities of life.

A few energetic, self-respecting paupers "doubled in brass" by accepting whatever relief dribbled through to them, through the fingers of earnest social workers and thrifty politicians, at the same time secretly doing whatever private odd jobs they could find. But the common man and woman are not energetic by nature. To be on relief became a way of life, a vocation for millions.

The great awakening came when, having raised large families, they found so few jobs available to their boys and girls. Government, turning its Santa Claus face, tried to take up this slack by creating still more commissions, each with a cloud of special investigators, press agents, and other jobs requiring no previous experience or aptitude. But even the addition of millions of persons to the public pay roll, now supported by borrowing as well as by taxation, and even the construction of super-dams, superfluous federal buildings, and many other monuments to depression could not make work as fast as the unemployed American public could make children.

Boulevards to nowhere

WHERE Uncle Sam leads, state and city governments are quick to follow. Taxes in many states and cities zoomed dizzily. Most states hatched out a brood of little commissions to harry the business man and keep him so continuously on the rack that he would have neither time nor strength to know where the tax money was going.

The money went, often, into broad boulevards leading from nowhere to nowhere. It went into monster bridges with such high tariffs that motorists detoured around them, and other contraptions advertised as "self-liquidating."

Uncle Sam and local officials joined forces on these projects. The proletariat cheered until the damp day of reckoning dawned.

In this brief review of what has happened to distribution, and through distribution to manufacturing and banking, one can note many honorable exceptions. Not every federal or state commissioner depends for sheer existence on the continuance of his pay checks. Not every Treasury representative is a Jesse James in a neat business suit, complete with briefcase. Not every relief administrator has one-way pockets. Because a man or woman is employed by government is no real reason to condemn him or her as either a moron or a scoundrel. Some of the best citizens we have are working bravely, and without self-advertisement, in the governmental bog.

And while it is true that most business men lost their heads, tempers and energies while the storm of socialism blew, there were many who did not. Instead of meeting at their clubs, and taking what they considered "a cross section of public opinion" by asking fellow-members what they thought of the Government, many business men continued to do business as best they might.

This has been more true, on the whole, among distributors than

among manufacturers or bankers. Distributors have better insight into the public mind. Distributors live their whole lives in a bath of public relations—relations with the public that buys and uses their products.

The efficient distributor, the natural salesman, has to start with genuine interest in humanity. He cannot be a hermit in a front office. Success comes because he is really aware of the opinions, wishes and needs of people of all kinds. He is a good mixer, in his own group or any group.

Day after day, he conducts his own survey of public opinion. A big store is the finest of all places to use one's eyes and ears, and learn public buying moods at first hand. Next best, perhaps, are the sales routes covered by manufacturers' salesmen, especially if they afford a qualitative as well as quantitative view of the customers. Nobody has ever sold house to house without learning what housewives are, and what they want. The old-fashioned drummer, in a linen duster, jogging from store to store or farm to farm, was a public opinion expert *par excellence*.

His successor, the modern sales manager, has a thousand eyes and ears. He knows the public better than the wildest politician can ever know it. Instead of relying on paid polls and postal card questionnaires, he gets information from all his far-flung staff. He supplements that information by frequent trips into the field. The day of the stuffed shirt sales manager, who spent his day admiring mere organization charts and wall maps studded with pins, has vanished never to return.

The modern distributor is far more at home in the office of his customers, the homes of his ultimate consumers, than in his own office and home. Knowing the public mind in America, he has been bored with some of the hue-and-cry against "communists" and "reds" in this country. He knows that the average American citizen has not even a trace of pink. He knows that Socialism is like "flu"—a disease that sweeps across the country at intervals, infects all sorts and conditions of men for a period, and then vanishes as mysteriously as it came. He knows that, with one resolute push, we can make Socialism vanish now.

Distributors work miracles

IT IS the business of the modern distributor to work greater miracles than the minds of scientists have ever conceived. How does that bottle of raw or pasteurized milk get to your home every morning, never sour, though you may live many leagues from any farm? How do you get fresh vegetables in zero weather? Why are the cigarettes you smoke always available anywhere, and always in good condition? Why are you always within reach of a telephone? Why are automobiles so easily bought by anybody who can save at all? And electric refrigerators, and washers, and all the other devices that have taken the burdens of housework off American women's shoulders forever?

Scientists' inventions are no use to anybody until distribution experts put them at the service of all.

The ratio is 4 to 1

I deplore beyond the ability of my words to express the general tendency on the part of the public to begin to drive a wedge between two classifications of society which are one and the same—the producer and the consumer. . . . Who can conceive of a consumer who just consumes? . . . To date there have been listed 65 book and periodical publishing organizations dedicated to criticism of the standards of the products advertised and sold to the consumers of America. To offset that list, I call attention to the fact that there exist, I believe, only 16 organizations dedicated to the defense of the capitalistic system.

—Lee H. Bristol, Vice President, Bristol and Myers

Business goes on relief

Too many business men during the past few years have been lining up at the government door willing to trade their birthrights of independence and liberty for handouts steaming with regulation and control.

Business has allowed an antagonistic administration and a radical labor movement to destroy its leadership and prestige in both national and local affairs. Employers have been browbeaten and bullied by politicians and labor leaders during the past four years with little sign of any fight on their part for their rights up to within the past two or three months.

—Dr. Paul H. Nystrom



EWING GALLOWAY

Milk delivery in a corner of the old world. Americans don't think much of the way these folks get their milk, but in many cases eagerly import their ideas for "social controls"

Why sales managers turn gray

Bills picked more or less at random from state legislative hoppers:

RHODE ISLAND—To forbid sale of kerosene in food stores. To prohibit loss leaders.

NEW YORK—To establish brands for farm products. To place a three per cent tax on all advertising.

MASSACHUSETTS—To allow the state to go into any business.

MISSISSIPPI—To register trade-marks. To forbid illustrations of women or girls in liquor and cigarette advertising. To authorize cities of 5,000 and more to levy sales taxes not to exceed one-half of state sales tax.

KENTUCKY—To provide for registration of labels or brands by labor unions and associations. To amend chain store tax. To establish state Trade Commission to regulate unfair practices.

NEW JERSEY—To tax chain stores.

NEW MEXICO—To impose tax of two per cent on amounts received from sale of space by newspapers and magazines.

BRITISH COLUMBIA—To prohibit the sale of any food product at a price less than five per cent above its cost to the retailer, including transportation, excise duties and sales tax.



Retailing has had more than its share of terrors and hobgoblins. First came the strange new department store, then the mail-order house, then the chain store, and last, the supermarket. All these years the small independent merchant has held a solid place in the affections of the people. The independent is stronger than he knows

Knowing this, the distribution expert has generally held a good opinion of himself. It is the public voice, reflected in his voice, which directs every successful store and factory in America. It is the public, making its demands heard at company headquarters through the distribution expert, which finally passes on all new designs, chooses the best of them, dictates the prices and terms that are practical, and allows well managed business to earn a fair profit on its operations.

But the distribution executive has had some rude shocks in the course of the socialistic era that is closing now. He has found himself hamstrung by government regulation and government competition. It is as if, in a tennis match, a burly bystander in hob-nailed boots were to rush on the court, brandishing a lacrosse stick and shouting: "You must play by my rules."

If the player objected, government promptly hit him on the head, claiming that this action was in the true interest of everyone.

Dazed by the sudden participation of government in business, many a distributor has shrugged his shoulders, relaxed his efforts, and merely waited for the whole bad dream to pass. It has been, to him, like a nightmare which *must* end sometime. He has never doubted that the common sense of the educated classes in America would eventually end it. While manufacturers and bankers have grown apoplectic with rage, distribution experts have said: "This, too, will pass." Those who have not relaxed, but have done their best to reflect true public opinion, have recently won increased business and profits for their companies.

Bored with experiments

FAR TOO much credit for the recent upswing in business has been given to war orders. Not enough credit has been given to the energetic and public-minded distributors of American goods in America. They and their customers know the time is ripe for a return of normal business conditions. They know that the coolest heads in government are aghast at the sorry failure of the socialistic experiment, and that only the most unteachable crackpots and the most dyed-in-the-wool socialistic office holders have any faith that it can be continued long.

Should America be invaded, normal business will be impossible. We will have a period of real emergency, to which the nation will rally with grim humor, in a democratic way. It will mean temporary sacrifices, but not permanent dictatorship. As the richest nation, best supplied with materials and fighting men, the outcome to America of such a war is not in doubt.

War or no war, there will be sharp modifications in the rôle which American Government is now allowed to play in men's private lives.

The best of the new ideas will be salvaged. But only the best. And the best, upon examination, prove not to be sudden notions that sprang from official minds after 1932. They prove to be ideas developed in embryo by much earlier administrations, both Republican and Democratic, and long tested by time.

What will go out of our American distribution system are the snarls of government red tape which entangle it now. The feeling of savage government hostility toward business will disappear. Cuckoo notions, like the disastrous California experiment of "production for use," will have to go. "Production for use" was an extension of the self-help cooperatives which sprang up in the depths of depression. Little groups clubbed together and bartered the products of the small jobs they could get going.

Upton Sinclair then argued that the state should turn abandoned factories over to the unemployed. Men were to produce goods for their own subsistence, and barter their overproduction to other groups. This system, it was argued, would take over all production and distribution. No more profit system, production for use only, no more middlemen, state socialism to be obtained painlessly. It was a grandiose scheme to abolish poverty and also wealth, but all it abolished were the political aspirations of Mr. Sinclair. Voters turned thumbs down on him.

The demand nowadays is for more experts and fewer well-meaning amateurs in both government and business. Both are recognized as highly complex activities, calling for intensive training, rather than just vague hopes of perfection. The critics of distribution in this country have the advantage, as a group, of knowing practically nothing about distribution. This enables them to speak loudly and, when they get into power, to legislate with a sweeping disregard for all fundamental facts.

For instance, there is nothing more fundamentally absurd than the widely spread delusion that retail prices to the consumer can be greatly lowered by a sweeping reduction of distribution costs—and that such reduction is easy! Here you notice the strange misconception that producers are eager to keep prices to the consumer high, even though most of the margin goes to distributors. Actually, producers are eager to control distribution (and its costs) in order to keep channels clear to the consumer, to find broader markets through reduced prices, to get the utmost out of advertising and selling efforts.

Misconceptions cause harm

BUT THE whole science of distribution is marred by misconceptions. Not all of them are held by ignorant consumers or by equally uninformed government officials. Many are held by stupid, hide-bound and blundering distributors, whose name is legion.

Storekeeping is, of course, a dangerous occupation for any man who doesn't first patiently learn how to keep a store.

Selling is unremunerative work for the man who doesn't, every day of his life, keep learning how to sell.

Managing a sales force is hard going for the man who can't first manage himself.

Admitting this, and conceding that many manufacturers attempt every year to force a large amount of unwanted merchandise down the channels of distribution, we can now take a careful look at the critics of distribution in modern America.



H. ARMSTRONG ROBERTS

Point of sale—in the home while lounging on a comfortable sofa. Competent advertising and the telephone make it possible for the housewife to devote more of her time to the family and outside activities

Distribution assembly lines

New and better methods of distribution and improvements in existing methods are constantly being adopted as they prove their superiority over the old. The department store, the mail-order house, the chain store, the supermarket, each in its turn, was an "invention"—just as truly as the assembly line was—designed to meet new needs or to fill old needs in a more satisfactory or more economical way. It is safe to assume that this evolutionary process of adaptation to changing conditions will continue in the future so long as competition is allowed to hold free sway.

This qualification is important, for the past few years have witnessed an alarming increase in the number of legislative regulations and restraints in the field of distribution. These governmental restrictions on the free play of legitimate competition tend to have the same paralyzing effects on distributive efficiency as monopolistic restraints of trade. Instead of bringing lower costs and better methods, such efforts to freeze the system of distribution into a rigid mold almost invariably have just the opposite effect.

—J. Frederic Dewhurst

Advertising as it was in 1880, when Pears' was the most popular soap and the most advertised. (In the cartoon General Grant and Sam Tilden discuss a perennial topic now arousing mild interest in press and politics—a third term for President)

Mass production prices

A large mail order house found that it could sell comparatively few radio sets at its accustomed scale of price. Instead of sitting down to accept this contracted volume of business, it asked:

"What can the consumer pay? And what must he have by way of quality to induce him to buy at that price?"

The answer was: Ten dollars, five tubes and automatic tuning.

"It can't be done," was the first judgment of the production department.

The second was: "If it's to be done, we must buy tubes at this price, cases at that . . ." and so on.

So they went to the maker of parts.

"It can't be done," he said.

"How large a volume are you thinking of?" the mail order executive asked.

"One thousand to 5,000," was the reply.

"Can you make our price on an order of 50,000?"

To this, the answer was "yes," and the radio is now moving briskly into homes at \$10.45.

The pages that follow may remind you of "Alice in Wonderland." Lewis Carroll, who wrote that masterpiece of fantasy, had a fertile imagination. But he never presented anything so grotesque as the spectacle of thousands of politicians and professors, club women and commissioners, all furiously trying to regulate an activity which not one in a thousand of them, by any chance, will ever be able to understand.

The American public is growing bored by this spectacle. It was interesting once, but getting tiresome now. The American public soon tosses out bores. The public wants out-and-out dishonesty to be curbed. It wants salesmen to tell the truth. It wants advertisements to be as reliable as the rest of its reading matter.

But the American public sees no reason for the continuance of an endless game of Cops and Robbers at Washington, especially when such a high price is charged for this game.

However, Government never spends one of our dollars when \$10 will do.

Advertising makes life happier

THE SPECTACLE of modern distribution has exhibited no greater marvel than the influence of advertising. The power of words—printed and spoken—to sway the emotions of man was a miracle understood long ago, but only in this generation has this same power been fully utilized to minister to material needs. Through advertising, wants have been sharpened and consumption stimulated. That in turn has stimulated production which again reacted to increase the capacity to consume what was produced.

It is a truism that mass production and distribution would not have been possible on the American scale without advertising. It is the quickest and most economical aid in obtaining almost immediate acceptance of a new or improved product with genuine merit. In that sense advertising has acted as a powerful equalizer of opportunity. No good idea need go begging for long. Its inventor finds a sponsor to herald it in this national forum and, if it can stand the test of trial, its success is assured. If not, the more it is advertised the quicker it fails.

Of course it takes money to advertise. The advertising failures are paid for by the entrepreneur and the successes by the public. But this cost is only two cents on every dollar of goods and services bought or used. Two per cent for the privilege of shopping in the publications, in our mail and over the air before we go to the market! And for the advantage of low mass-consumption prices. According to the Twentieth Century Fund, the advertising cost in a can of Campbell's soup is only 36/1000 of a penny, and in a glass of Coca-Cola 16/1000 of a penny.

A by-product of advertising which many would be inclined to rate even higher than its direct service is its support of a free press, with all that this means in safeguarding our liberties and in cultural values. The citizen has grown so accustomed to buying his daily newspaper for two or three cents and his favorite magazine for but little more that he forgets what makes this possible. Instead of buy-

ing a concert ticket at \$2.50, he sits in his easy chair and hears the great artists and orchestras for nothing. He may even kick strenuously if the program displeases him, just like a cash customer demanding a refund on his ticket.

When a publication has 25, 50 or 100 advertisers in an issue, their very number is a guarantee of the publisher's independence, since no one of them can hope to exert much influence on editorial content. Thus the expansion of advertising has assured a press that is not obliged to grind the axes of special interests. That is why we have the phenomenon of large advertisers buying space in periodicals with editorial policies which they wholly disapprove.

We see, then, in advertising an influence that in a few short months or years may raise an unknown to fame and fortune—if he “has something.” By the same power as a tool of free competition it can take away the market of an established business whose management is complacent, arrogant or indifferent to progress. Small wonder, under these circumstances, that it became a shining mark for iconoclasts, debunkers, cloistered idealists and social messiahs who either cannot or will not look beneath the surface of things. Inevitable, perhaps, at least in these strange times, that there should have been Peter the Hermits preaching a new crusade, the War on Advertising. This war, sponsored and fostered by so-called “intellectuals,” self-styled “liberals” both within and without government circles, and educators, has been carried on continuously, not always scrupulously but nearly always skillfully.

At first it was directed almost entirely at the type of people who are the accepted bellwethers of their communities: teachers, club women, professional people. Today, after a little more than a decade of dexterous propagandizing, anti-advertising doctrines are being planted in the formative minds of hundreds of thousands of secondary, high school and college students.

Advertising cleans house

ALTHOUGH the first spectacular assault of the intellectuals on advertising occurred in 1927, with the publication of “Your Money’s Worth,” the work of Stuart Chase and Frederick J. Schlink, it is significant, although often conveniently forgotten, that the first attacks on the real abuses of advertising were made early in the present century by men and women whose bread and butter came from advertising.

In 1904, *The Ladies’ Home Journal*, under Edward Bok, began its vigorous crusade against dishonest advertising, and in 1905, *Collier’s* began to publish its articles by Samuel Hopkins Adams. The work of these publications and others resulted in the passage of the first Food and Drug Act.

About the same time organized advertising took up the fight, and in 1911 John Irving Romer presented his *Printer’s Ink* Model Statute. This is now in effect in more than a score of states and is the legislation upon which local Better Business Bureaus operate so effectively in the interests of consumers.

It is important to note that these efforts by men within advertis-

Worth the cost

Advertising gets 18 cents a week out of family food expenditures. A breakdown of the \$12.50 spent weekly by a city family for food shows that advertising apparently increases the cost by 18 cents.

—Sales Management

Advertising's new job

Advertising must reverse this psychology of defeatism, and go to work at it right now, or America will never get back on a pay roll.

Successful advertising has always developed confidence—but heretofore we have used it mainly for two purposes: to develop confidence in the product and to develop confidence in the maker of the product.

It must, as always, develop confidence in the product and the manufacturer. But to be successful in 1940 it must also develop confidence in the future stability of our American institutions and the permanency and growth of our way of living. It must develop confidence in the minds of readers that in this land of ours there is an ever-expanding field of opportunity.

—George Tilton, Director of Advertising, Anheuser-Busch, Inc.



EWING GALLOWAY

Shows and exhibits give customers a chance to do more selective buying and obtain helpful information on products of their choice

Where is the compulsion?

This is the situation we consumers face. We read the ads and listen to the radio and go to the stores to buy and we are defrauded. We are sold products which endanger our health. We are sold products which rob our pocketbooks. It is that kind of thing that technical research, research by competent, qualified consumer organizations, has been exposing. That is where an organization such as Consumers Union can show the worker how to protect his family, how to save money.

—Arthur Kallet, Director, Consumers Union



HARRIS & EWING

Nationally advertised products are tantamount to a manufacturer's guarantee of quality—ensure distributors that goods will be moved off their shelves

Consumer's interest in advertising

In the past 25 years, the \$1,500 advertised auto has become a much finer auto at \$600; the \$50 advertised camera has become a superior one at \$17.50; the advertised box camera at \$8 has become an improved camera at \$1; the 25-cent can of advertised soup has become a better can of soup at ten cents. In 1910 an advertised tire that would run 2,500 miles cost \$25—a cent a mile. Today an advertised tire costing \$12 frequently runs 25,000 or even 30,000 miles—about 1/25 of a cent a mile.

ing to eliminate dishonesty were directed solely at misleading and unethical practices. The modern war on advertising, although superficially it may seem to be designed to eliminate dishonesty, goes much further. In spite of the protestations of the combatants to the contrary, much of their propaganda is intended to weaken the public's confidence in all advertising. Even if the intention is not present, the effect is the same.

Because of the American public's pathetic willingness to believe almost anything that appears between the covers of books, the various "guinea pig" opuses have had a tremendous influence and have been the spearhead of the intellectuals' war on advertising.

These books have been widely read and some of them have reached millions of persons through library circulation. A few of them, such as "Your Money's Worth" and "100,000,000 Guinea Pigs," are frequently listed as suggested or required reading in economics text books used in high schools and colleges. No statistician can calculate how many times these books have been used as the subjects of papers in women's clubs.

Perhaps the most important influence of the crusading, "Your Money's Worth" has been the growth of the testing bureaus: Consumers' Research, the pioneer, followed by Consumers Union and Inter-Mountain Consumers' Service.

It is difficult to know exactly how many persons subscribe to the services of these bureaus, or how great an overlap there is of their subscription lists. But a conservative estimate would be that all of them put together reach somewhat more than 125,000 individuals, many of whom are of the bellwether type.

The testing bureaus base their appeal on their apparently "unbiased" technical analysis of various products sold through consumer channels. They are religiously used as buying guides by thousands of consumers who, apparently, never stop to wonder how, with such limited funds for laboratory work, these bureaus can adequately test even a small fraction of the large number of products on which they report.

Attack is camouflaged

OFFICIALS of the testing bureaus have been loud in their claims that they are not "attacking advertising itself" but are merely "trying to eliminate dishonest advertising." A careful reading of their bulletins, however, will show any reasonably intelligent reader that the testing bureau officials are basically unsympathetic to the idea of advertising itself, except as they themselves use it skillfully and often with the same apparent disregard for the niceties of exact language which they so bitterly deplore when they find it in the work of national advertisers.

The testing bureaus have contributed particularly heavily to the war on advertising through their circulation among influential intellectuals in educational and government circles. Officials of the bureaus are always willing to appear before meetings of educators and club women.

Modern consumer education is largely a development of the past

decade. Dr. Kenneth Dameron has estimated that, in 1939, approximately 25,000 secondary schools offered some form of consumer education to 6,557,940 pupils, of whom at least 4,000,000 are girls. In addition, many college courses in chemistry emphasize the study of consumer goods. Courses in colleges of agriculture give attention to problems of grades, standards, meat buying and other topics. Colleges of education are now setting up courses to offer teacher training in consumer economics.

Consumer educators are frequently unfriendly to advertising. Most of these courses tend to implant in the minds of the students suspicions concerning its economic and social value.

Many consumer educators sincerely believe that advertising is justifiable economically and socially, and maintain in all honesty that they are not propagandizing against advertising as a force. The unfortunate fact remains, however, that the student is not always as discerning as the master. The result is that young people taking consumer education courses are subjected to too great a proportion of anti-advertising propaganda at a time when their minds are in the formative stage.

Although, in the past two or three years, leading consumer educators have become suspicious of the information that appears in the bulletins of the testing bureaus, it is still true that the guinea pig books and the testing bureau bulletins are frequently read and recommended by consumer educators. But the most important factor in influencing youthful minds is found not in consumer education courses but in the anti-advertising material that has been planted in social science text books.

Influencing school children

A FAIR sample of their indoctrination is "Our Economic Society and Its Problems," by Howard C. Hill and Rexford Guy Tugwell. This approved high school text represents a socialistic-academic attitude that is coloring the thinking of our young people on American distribution. The objectionable matter is confined to a single chapter, which makes its influence all the more insidious. Here is a specimen:

The enormous expansion of American business during the present century has been accompanied by an equal development in the technique of salesmanship. Advertising serves a worth while purpose in so far as it educates people as to relative values. But advertising today is too often only an aspect of competitive profit-seeking. As such, it presents two evils: (1) Enormous waste involved in the efforts to turn the trade from one firm to another when their products are identical in value; and (2) fooling consumers rather than enlightening them by the advertising process. . . . Even if we assume that all the products advertised are worth while, a tremendous social waste is involved.

"An Introduction to Problems of American Culture" by Prof. Harold Rugg, of Teachers College, Columbia University, is used according to reliable estimates, in more than 4,000 school systems. Without saying it in so many words, Professor Rugg manages to imply that advertising is an economic waste, that a high proportion of

As simple as that!

And *who* do you suppose really pays for the advertising? It is you and your neighbor and every other consumer. The manufacturer adds his advertising costs to the price which he charges the wholesaler; the wholesaler adds his advertising costs to the price he charges the retailer; the retailer adds his advertising costs to the price each of us pays as the ultimate consumer. Hence it cannot be denied that advertising has increased the cost both of selling and of buying goods.

Perhaps you may ask then, "Is advertising necessary?"

—Professor Harold Rugg
in his high school text book, "An
Introduction to Problems of American Culture."
(See also article on page 27)



FRUIT GROWERS EXPRESS

A healthy nation demands a diverse diet. Easterners can have their vitamins every day in the year because refrigerator transit lines bring citrus fruits fresh from California across Southwest deserts, no matter how the heat waves dance

From the chamber of horrors

The radio listener actually makes an investment in sickness or even death. . . . The radio is being used to peddle dangerous or outright poisonous nostrums. . . . (An old established proprietary product) if used frequently may lead to serious physical and psychical disturbances. Not the least of these are sexual impotence and bromide intoxication.

—Peter Morell in "Poisons, Potions and Profits"

Outriders of revolution

Even an incomplete list of the anti-advertising books will indicate their extent and purpose. All of them, including several best-sellers, are the offspring of "Your Money's Worth," by Chase and Schlink (1927) and "100,000,000 Guinea Pigs," by Schlink and Kallet (1933). Others are:

"American Chamber of Horrors" (1936); "Counterfeit—Not Your Money But What It Buys," by Arthur Kallet (1935); "Eat, Drink and Be Wary," by F. J. Schlink (1935); "Facts and Frauds in Women's Hygiene," by Rachel Lynn Palmer and Dr. Sarah K. Greenberg (1938); "40,000,000 Guinea Pig Children," by Rachel Lynn Palmer and Isadore M. Alpher, M.D. (1937); "Guinea Pigs No More," by J. B. Matthews (1936); "How to Spend Money," by Ruth Brindze (1935); "It's An Art," by Helen Woodward (1938); "Johnny Get Your Money's Worth," by Ruth Brindze (a guinea pig book for children, 1939); "Millions on Wheels," by Dewey H. Palmer and Lawrence E. Cook (1938); "Not To Be Broadcast: The Truth About Radio," by Ruth Brindze (1937); "Our Master's Voice—Advertising," by James Rorty (1934); "Partners in Plunder," by J. B. Matthews and R. E. Shallcross (1935); "Paying Through Your Teeth," by Bissell Palmer (1935); "Poisons, Potions and Profits," by Peter Morell (1937); "The Popular Practice of Fraud," by T. Swann Harding (an employee of the Department of Agriculture, who, oddly, is also a bitter opponent of some of the other guinea pig authors, 1935).



STANDARD BRANDS

Modern coffee roasters and a smooth working distributing organization ensure the consumer fresh and more palatable coffee at his breakfast table

advertising is dishonest and that advertised products are pretty likely to be untrustworthy.

Government officials have taken a leading part in casting doubt on advertising. Enlistment in the battle has not been confined solely to the smaller fry among the minor bureaucracies.

Perhaps the most illustrious has been Harold L. Ickes, Secretary of the Interior. In 1934, Mr. Ickes, at that time Oil Administrator, sent up one of his noisier trial balloons when he ordered the larger oil companies to price a certain grade of gasoline in the District of Columbia at half a cent a gallon higher than smaller companies were getting for the same product. The large companies, it seemed, operated under higher overhead costs than the independents. And advertising was definitely assigned as one of the main items of the cost. The independents, Mr. Ickes thought, did not advertise and thus escaped a portion of what Mr. Ickes regarded as the higher overhead. Therefore, he felt that the independents were entitled to sell their gasoline at one half a cent per gallon below the prices charged by all their big competitors who advertised.

Behind this reasoning was the thought, which has been more frankly stated by others, that advertising gives the advertiser a peculiar advantage over the non-advertising competitor, and therefore the former should be penalized for his initiative and skillfulness.

Ah, ha! A monopoly

ASSISTANT Attorney General Thurman Arnold explored this field considerably further when, in 1938, he accused advertising of being a monopoly breeder. His attack was found in a digression tucked away in the announcement of an agreement for consent decree in the automobile financing anti-trust suit. According to Mr. Arnold's reasoning, automobile finance companies, spending vast amounts for advertising, forced other companies to spend like amounts or go out of business.

"Like conditions obtain in the advertising of commodities," he said, "vast sums being expended to advertise particular brands of such common products as gasoline and milk." Further he added:

By a variety of modern refinements upon the methods of the circus barker, advertising is used to build up public preference for the products of one producer or manufacturer solely because he has the most advertising money and can make the most noise. To meet the monopoly control which this advertising gives, the anti-trust laws by themselves are inadequate. Such a method of advertising has never been held to be violative of the anti-trust laws and legality of its use, in the absence of positive fraud, has not been questioned. Nevertheless, the purpose of the anti-trust laws will be furthered if advertising is limited to its proper function of building up consumption and if restrictions are placed against its use for the purpose of giving a monopoly advantage to the competitor with the largest pocketbook.

To Mr. Arnold's mind, there were only two possibilities, either a wasteful system of distribution due to competitive advertising or monopoly. What Mr. Arnold was saying, in effect, is that there can be no hope in business for the small advertiser.

This reasoning ignores two important facts that no practical marketer dares overlook. First, all national advertising helps to create a demand for the type of goods or services advertised, consequently non-advertising competitors also benefit from it. Second, no advertiser is so big or powerful that he can long "get by" giving to his customers a value less than that offered by competitors, big or little.

Because of the storm of criticism which met the Arnold statements and a similar one by Wendell Berge, Assistant Attorney General, the Department of Justice quickly disclaimed any purpose of warring on advertising and since then has remained peculiarly and significantly silent.

Consumers' Guide, a magazine published by the Consumers' Counsel of the A.A.A., and sent free of charge to 135,000 consumers, has been particularly vocal in its advocacy of consumer cooperatives and its suggestions that consumers unite against producers.

Would wipe out free press

MUCH speculation has been aroused by the latest F.T.C. move by which it obtained from Congress \$89,000 to investigate the cost of distribution, the place of advertising in distribution and whether or not advertising is rendering a disservice to distribution. No one seems to know just what is behind this apparently innocent bureaucratic excursion. Representative Bruce Barton has charged that it is inspired by "men in the F.T.C. and the Department of Agriculture who want to destroy national advertising" because it supports a free press and radio.

The tendency toward socialization and closer control of business by the present administration has been bound to affect the thinking of more radical government officials toward advertising. Thus their efforts to penalize the advertiser as a monopolist indicate their desire, which may not always be clear in their own minds, to exercise a closer control over one of the more outstanding manifestations of the operation of a system of free enterprise.

All advertising and selling and all the aspersions cast at them are aimed at the eyes and ears of the individual on the outside of the counter. He, or more often she, is called the consumer. A great many folks have only in the past few years discovered that they are consumers. Some of them have not yet discovered that they, or their husbands, are also producers.

Whether aware of a distinct consumer status or not, buyers have always held sellers to a strict accountability. If an article proved to be an unsatisfactory value, the buyer noted the manufacturer's brand and remembered not to get the same thing when he bought again. More than that, he held the retailer responsible for a bad buy. The consumer was king even when we called him plain customer. Nevertheless, this discovery of the consumer has served to make the buyer more critical and more discerning. He is asking more questions before he buys than he was wont to do before we had "consumers," as opposed to producers.



Consumer pressure groups are increasingly vocal. This group standing in front of the White House after telling President Roosevelt what they wanted are, left to right: Felice Louria, executive secretary of the New York Consumers League; F. B. McLaurin, of the Brotherhood of Sleeping Car Porters; Helen Hall, chairman, Consumers National Federation; and Michael Quill, president, Transport Workers Union

Uplift for the consumer

"Constipation" has become a household word, yet there is no agreement upon a definition of the term. . . .

Did you buy one of (Blank's) tooth brushes in the "new professional shape" with waterproof bristles this summer and thus help (Blank) Company clean out their old stock?

—From Consumers Union reports

T. Arnold says it's monopoly

One of the greatest problems of the national advertiser always has been to reap the full benefit of his own advertising himself, and not have from ten per cent to 40 per cent of its productiveness go to his competitors. For example, a manufacturer of washing machines will have created a lot of new washing machine prospects by putting the desire for these modern conveniences in the minds of thousands of women. . . . It is an old and common saying that advertising is printed *salesmanship*. If this is true, then it would be just as logical to lay off or not hire salesmen because smaller competitors have fewer salesmen as it would be to restrict advertising and sales promotion effort because smaller competitors cannot use as much advertising to advantage as can a large firm.

—Fred Wright, in *Sales Management*



Grocers help farmers move surpluses with special displays. A survey by National Ass'n of Food Chains also helped producers by proving that customers preferred small hen turkeys to all other types

"Production for sale"

The basis for consumer revolt rests not alone on the doubtful quality of much of our merchandise. It rests in our belief that business has failed to price goods of dependable quality at levels commensurate with the essential costs of production. Retail outlets have so multiplied and salesmen have become such a household pest that we as consumers have grave suspicions that as much is spent in the competitive art of persuading us as has initially gone into the article itself. We wonder whether milk, bread, furniture, life insurance, drugs, or motor cars need to carry such a measure of overhead and profit.

—Professor Colston E. Warner,
Director, Cooperative Distributors;
President, Consumers Union

Inoculated against truth

We find that an average of 55 per cent, or more than half of the high-school students, are suspicious of business and are firmly convinced that advertising raises the cost of living. They know nothing about the effect of advertising on mass production, of mass production on cost per unit. They have been taught simply that business men are dishonest and only the federal Government can protect the consumer.

—Anna Steese Richardson,
Crowell Publishing Company

It is argued that the advantage in an over-the-counter transaction rests with the seller, because he has the information which tells him if he is making a good sale or not. On the other hand, or so goes this contention, the consumer-buyer is without sufficient information to judge whether or not a good purchase has been made. That can only be determined after the purchase is completed and the product put to the test of actual use.

Therein is the practical reason for what has come to be known as the consumer movement, although this reason may be traced to a number of basic economic and technologic developments which have forced an active and inquiring consumer interest in the goods and services offered by American business. But consumers are concerned only with the practicalities of their problems. They want technical considerations omitted. Whether for sufficient cause or not, more and more of them want to know in advance what they are to get for their money.

"Protecting" the poor consumer

THE CONSUMER movement is an expression of these wants. That expression has led to a search for ways of satisfying them. Thus has come about consumer education. Adult women have put aside other topics to discuss and study consumer buying. National and local conferences, radio talks and programs, forums, debates and round tables show the seriousness with which consumer education is regarded.

Constructive consumer leaders see in their study of buying facts a definite contribution to the business interest. They believe it will bring business and consumers closer together, establish them as natural allies, with a mutuality of interest that necessitates understanding and cooperation. They see consumer education making consumers more intelligent buyers, therefore, more dependable customers for business.

Many elements of business have not only responded to the needs of consumer education, but have anticipated many of them. The result has been a growing number of programs for business-consumer *rapprochement*; informative labeling programs have been inaugurated by manufacturers, packers, distributors and department stores; elaborate consumer education pamphlets and booklets have been made available; sound films for school and group showing have been issued and speakers have been provided in large numbers to tell, not only about products, but about American business and its contribution to the economic welfare, the comfort and the happiness of the American consumer.

While this voluntary participation of business in the consumer movement has been developing, anti-business groups and individuals have been working with every strategy they could employ to bring about a permanent schism between business and consumers. With all diligence, these enemies of free enterprise attempted the capture of the consumer movement, planned its use as a means of advancing their radical economic and political theories and almost succeeded.

These people preached the doctrine of the "essential conflict" between business and consumers. They told consumers that the American system for use and profit was outmoded, and that a worthwhile consumer movement could not be linked with business conducted under the free enterprise concept. Through penetration into the educational system of the country, they began their program of conditioning the minds of consumers, even from school days on, to the theory that business under the American system exploits them, and that there can be no common ground of understanding, or sympathy, or cooperation between buyer and seller.

The point of attack in all this has been in the field of distribution. Products were criticized and condemned; advertising and selling were under constant fire. The critics of business knew that the product is the link that brings business and consumers together. If that can be discredited and its method of sale brought into disrepute, gradual public resentment against all business can be developed. This technique has been carried out with a subtlety that has influenced large numbers of consumers who have no idea of the motivations of radical consumer leadership.

As consumers were impressed with the idea that they could not expect business to tell them the truth about merchandise because the profit motive necessarily caused misrepresentation, they were urged to turn to the "non-profit" consumer agencies, and accept their "unbiased" and "scientific" ratings as guides to buying. Consumer-buyers were told to beware of the "cleverness of a copywriter or the ingenuity of a manufacturer in making a shoddy product look like a good one."

Little known brands or unadvertised products have been usually shown as "Best Buys." "Organized medicine," the "sugar trust," the "insurance trust," and the "milk trust" have been consistently attacked, the attack seeming to follow a line of breaking down the confidence of consumers in the things they must have and destroying belief in the integrity of the business supplying them.

Business becomes a public enemy

A CRYSTALLIZATION of this attitude came at the first National Conference on Consumer Education, held early in 1939 at Stephens College, Columbia, Mo. There the business men of the nation, and consumers, too, saw a demonstration of hostility to business which had been generated by leaders and active workers in some sections of organized consumer activity.

Speakers, for the most part, let it be known that they "did not like business." It was contended that those who sell and those who buy could never get together as cooperating elements of our economic order to work out their respective and mutual problems.

Kenneth B. Haas, regional agent for Distributive Education, Office of Education, Washington, clinched his argument on this point when he said that the "essential conflict between producers and consumers" made it impossible to teach the "consumer viewpoint to the person who is being prepared to sell."

Continuing, Mr. Haas declared that "peddlers of commodities

Selling costs decline

Today, the advertiser can effectively reach many more people per dollar than ever before.

For example, back in 1923, to deliver a full-page advertisement in *The Saturday Evening Post* to 1,000 homes cost an advertiser \$3.18. Today it costs only \$2.61.

Typical of cost reductions in the field of women's magazines is the *Woman's Home Companion* which, by increasing circulation, has lowered its rates from \$3.62 per 1,000 in 1924 to \$2.73 today.

Outdoor advertising, too, has reduced costs as it has been more scientifically planned and executed. Sunday newspapers have shown a steady lowering of rates per 1,000.

Back in 1929 an advertiser using the complete facilities of the N.B.C. Red Network paid \$8,850 for a one-hour broadcast. Then 8,190,000 homes owned radios. Today a one-hour broadcast over this network costs \$23,160, but has a potential audience of 26,125,000 radio homes. The cost per 1,000 radio homes (not necessarily listeners) dropped from \$1.08 to 89 cents in ten years.

—Don Francisco, President,
Lord and Thomas Advertising Agency



INTERNATIONAL
Testing a gas appliance in a trade association laboratory. The consumer movement was not even a new idea. Business was voluntarily checking the performance of its goods long before the rise of consumer testing agencies. Comparatively few business men forget that nothing makes the going so easy for them as pleased customers



EWING GALLOWAY

Scarcely an item of merchandise is purchased today that is not carefully protected by wrapping or packaging

Whose face was red?

In Kansas City I found that a group of young girls was presenting a play before public and private school audiences, based on the falsity of advertising and the unreliability of brand names. The play was sponsored by a teacher of home economics and the social director of the Y. W. C. A. Can you imagine what happened when the president of the local advertising club discovered that his own daughter was participating in that play?

—Anna Steese Richardson

Not for amusement

It is not generally recognized that the advertisers of America who lay out \$2,000,000,000 a year are not doing so for any reason except that they believe advertising is the least expensive way to communicate to the consuming public the qualities and whereabouts of their goods.

—Paul Hollister, Executive Vice President, R. H. Macy & Co.

have only a materialistic point of view, thinking only of the dollar sign" and that "it is impossible to change this point of view by teaching the consumer viewpoint to employees of merchandising concerns."

Donald E. Montgomery, Consumers' Counsel of the Agricultural Department, said:

Keeping the buyer in the dark about what he is getting is as old as trade itself. The modern method, born of the needs of the machine age, is to put mass pressure upon him to take the thing that is offered and then persuade him that it is just the thing he wanted. . . . Is it true that the profession of salesmanship can make a living only by virtue of the ignorance of the laity?

With the line thus drawn between business and consumers, the former was served notice that any attempt to take part in consumer education would be regarded with distrust. In effect, business was told that any such effort would be considered as only another selling stimulus, selfish and against the consumer interest. Dr. Robert Lynd of "Middletown" fame invented the epithet "kept organization" for any efforts of business in this direction.

Since his appointment as Consumers' Counsel in 1935, Mr. Montgomery has been more active than any of his predecessors in working with various organizations called "*bona fide*" consumer groups. He was prominent in the activities of the Consumers National Federation, which Earl Browder, general secretary of the Communist Party, called a communistic "transmission belt."

Sleuthing for monopoly

IT WAS this same organization—the Consumers National Federation—which proposed to the President in February, 1938, that an inquiry be made into the economic processes of the country, with special reference to monopoly in business operation. In the proposal the Federation said:

In our concern for production, we have allowed it to exploit consumption and, in the process, to cripple its customers for whom, and for whom alone, it confessedly exists. . . . In a democracy, no economic system makes sense which is not run so as to maximize consumption, yet our economic system is primarily run to maximize profits—and the consumer takes the hindmost. . . .

Whether or not the Temporary National Economic Committee came as the result of the Federation's proposal to the President, that body was created in due course, and, in May, 1939, devoted several days to hearing "consumer" representatives recount their woes as the result of "business exploitation" and "monopolistic advertising." Mr. Montgomery acted for the Committee in rounding up witnesses and, according to reports, was helped in this work by the office of the Consumers Union.

In his address to the Committee preliminary to the presentation of his witnesses, Mr. Montgomery suggested

that the Committee's further inquiries might well give attention to the methods employed by various industries to dictate consumer selection

and to narrow and restrict the consumer's opportunity to select the kind of merchandise or the kind of merchandising service which best meets his particular needs. The freezing of industrial and commercial initiative, which is characteristic of the drift toward concentration, is nowhere more dramatically revealed than in the treatment accorded by an industry to its ultimate consumer.

This alleged design of Big Business to narrow and restrict the consumer's opportunity to select the merchandise that meets his peculiar needs is difficult to square with testimony at the same hearing to the effect that the multiplicity of brands, sizes, grades and prices confuses the consumer and should be corrected by product standardization dictated by a federal consumers' bureau.

Raising the hue and cry

THE AROUSING of consumer distrust by implication has been a method widely used among anti-business elements, which highlight and dramatize such vulnerable spots as might exist in the distributive structure. These elements call loudly for consumer "protection," not only against the palpable frauds, but indicate that the consumer cannot enter the market place without a strong armor against every form of selling. The implication is that business lies in wait for its victims.

This is the technique used by various "bona fide" consumer organizations, which have capitalized on consumer interest in factual buying information. These organizations, some of which have sprung up almost overnight, resort to exhibitionism to get attention for the alleged wrongs inflicted upon consumers. Delegations wait upon officials, conferences are held, newspaper and radio publicity obtained, and public attention is otherwise focused on their activities.

An example of this occurred only recently when local "Committees Against War Profiteering" carried far their cry against a one-cent increase in the price of bread. The baking industry was assailed for its unscrupulousness, the price advance was called unjustified, the bread companies were charged with reprehensible profiteering. Newspaper headlines told of the protests, the radio took it into the homes of millions of families.

Although an official statement after an investigation showed that the increase in the selling price of bread was warranted, this fact was not proclaimed. The issue served the purpose of collectivist agitators, and an effective attempt had been made to discredit an entire industry. This procedure has been carried out repeatedly against various sections of business.

Officials join the movement

AN AMAZING aspect of the work of organizations of this kind is the ease with which they get individuals occupying important posts in the Government as well as persons in high places in national organizations to serve on their committees or boards. Whether or not the radical nature of some of these organizations has been proved, they at least have been distinguished by their animosity toward business. But this has not deterred active participation, or the lending of their names, by persons whose official connection or



EWING GALLOWAY

Even the railroads have gone in for packaging in a big way in order to help their customers ship less than carload lots at lower cost

When thread count doesn't count

Too much consumer education work wrongly assumes that Sadie Jones is more interested in the tensile strength and washability of the little print dress she is going to buy than she is in the problem of whether it will knock Johnnie Smith for a loop. The more successful courses in consumer education recognize that there is bound to be plenty of emotion in Sadie Jones' calculating little mind.

—C. B. Larrabee before
National Consumer-Retailer Council

Another camel's nose

Establishment of a special Consumer Bureau at Washington would be the beginning of the end of advertising and the profit and loss system with which it is interlocked.

—Lee H. Bristol, Vice President, Bristol and Myers.

In other words . . . ?

That it shall be unlawful for any person engaged in commerce, in the course of such commerce, to pay or grant, or to receive or accept, anything of value as a commission, brokerage, or other compensation, or any allowance or discount in lieu thereof, except for services rendered in connection with the sale or purchase of goods, wares, or merchandise, either to the other party to such transaction or to an agent, representative, or other intermediary therein where such intermediary is acting in fact for or in behalf, or is subject to the direct or indirect control, of any party to such transaction other than the person by whom such compensation is so granted or paid.

—Section 2(c) of the Robinson-Patman Act



WEISSBERG FROM HESMITH

Although not a single one is raised in the United States, bananas are a part of the poor man's diet because of efficient distribution

other affiliation would be expected to avoid association with groups whose motives might be suspect.

At least one of the national women's organizations not expected to have reasons for being inimical to business appears to be advancing actively the work of the Consumers Union. This is the American Association of University Women.

This organization has made available to consumers a study kit sold at a cost of \$1.25. Included in the kit is an assortment of publications and mimeographed consumer material. Prominent in the assortment included in a kit bought some time ago were copies of Consumers Union Reports, a folder descriptive of the organization and what it does, and a subscription blank. Whether or not this national women's group intends to act as a subscription representative for Consumers Union, it nevertheless did so.

The partially successful attempt of anti-business forces in assuming leadership of the organized consumer movement has made it appear that all consumer activity is radical, and has for its purpose a continuing attack on American business. This is unfortunate. There exists, after all, a real consumer movement fundamentally sound and designed to aid business rather than hamper it.

It is true, however, that many consumers, feeling that business has not given them sufficient buying guidance, are turning to rating services and "paper" organizations as the only available source for alleged "unbiased" information. This has been done in many cases because consumers do not know of the willingness of business to give them any desired detailed facts regarding its products.

Laws in restraint of trade

BUT the whole field of marketing feels increasingly the heavy and clumsy hand of regimentation.

In no small measure much of the confusion which has arisen in the policing of distribution by government can be traced directly to a multitude of controls which, by their very number, constitute a major restraint of trade. With no general standards as a guide, every board, bureau, administration and department has set up its own rules for procedure, has issued its own findings and decisions, has ruthlessly made its own "laws" which are binding on business.

No attempt has ever been made to codify the results of this constantly expanding bureaucracy. Possibly it could not be done. Today, the subject of government control over distribution is as trackless as the ocean. The situation is so bad that Congress itself has become seriously concerned, as evidenced by its interest in the Walter-Logan bill to curb the quasi-judicial functions which government bureaus exercise.

Much of the bitterness engendered by the Robinson-Patman Act can be traced to the fact that it is as poorly written as any law on the statute books.

The most widely discussed section of the act, and the one delivering the most potent knock-out drop, is 2(c), the brokerage section. This bit of inspired law-making is a 116-word sentence which winds its tortuous way through the question of brokerage much like the

Red River turns and twists near Mr. Patman's native Texarkana.

The original Patman bill was drafted by outside lawyers to correct all of the "abuses" in brokerages, quantity discounts and advertising allowances. When it reached the Congress, it was pulled and mauled by lobbies of every description. The resulting hodge-podge became a law calling for criminal punishment, triple damages and costly defense.

With all of this armament in its hands and a law on the books which was potentially capable of reducing every business to a state just short of chaos, the Federal Trade Commission, the agency charged with its enforcement, proceeded to sit tight and say nothing of the law's inequities. This was the time-honored tradition. Nothing that has been said or done since the law was passed has succeeded in blasting the Commission out of its hallowed atmosphere.

There are many tales of what the Commission's say-nothing attitude has done to the ordinary business man, but perhaps one will illustrate. In January, 1937, F.T.C. investigators dropped in on a small concern in the South. Word got around, as it will, that the company was under investigation. Inevitably its customers started leaving. Fifteen months later, when the business was practically at a standstill, the Commission wrote to say that its investigation, in which thousands had been spent running down each minor detail, had shown the company to be in the clear. Then followed the amazing dictum that this information was "confidential" and "must not be used in any manner for advertising or publicity purposes"!

Here was a thriving business which lost most of its customers as a direct result of being arbitrarily placed under suspicion. Then it was denied the privilege of telling the world that it had been declared innocent.

The Commission is extremely touchy about its prerogatives and cannot stand to be questioned or challenged. When A. & P. sought to appeal to the Circuit Court, it printed the findings of the Commission's trial examiner as a part of its plea. These findings were largely favorable to the company and in decided contrast to the Commission's findings which were supposed to be based, in part, on the trial examiner's report. The Commission was outraged at this attempt by the company to better its case.

F.T.C. is "above the law"

NOR DOES it seem likely that Congress will be able in the near future to put a curb on the F.T.C.'s dictatorial attitude. Through persistent lobbying, the Commission has been able to win an exemption from the pending Walter-Logan bill so that it can continue to operate in a way its critics describe as "above the law."

With this sort of background, the Commission has moved boldly into the field of distribution to enforce and police a law which is both vague and conflicting. This it has done at tremendous cost, both to the Government and to private companies which have fallen into the web. In the action against Kraft-Phenix Cheese Corporation, the company announced that it had spent "almost \$100,000" to clear its name. In the A. & P. case, the printed record alone runs more



Part of the value of any commodity, say the economists, is in its "utility of place." It's worth more in the city than in the country, more on a dealer's shelves than in a freight depot. That's why some of the railroads now have store-door delivery service from rails to counter

The root of the matter

CHAIRMAN O'MAHONEY: All of which boiled down comes to the definite result that the condition which you describe cannot be brought about unless you abolish advertising.

DONALD E. MONTGOMERY: I don't agree, sir.

CHAIRMAN: Will you then answer the question that I have propounded to the witness and which he did not answer? Assuming the condition exists of grading five different tooth pastes, some new government agency establishes the grade and all five are Grade A, now then, unless you prohibit advertising what is to prevent one or two of these from securing a dominant position in the market?

MR. MONTGOMERY: I think from his testimony—I can only base my answer on that since I don't know the tooth paste business at all—who will get the domination of the market depends on who has the most money, presumably.

CHAIRMAN: Do you want to take the money away from them?

—From the T.N.E.C. consumer hearings



The finest merchandise is found on Main Street as well as in largest cities

The saga of fresh crackers

The progress from the unsanitary open barrel of stale crackers in the grocery store of 1890 to today's crisp, packaged product is one of many marvels of modern distribution. A century ago cracker production was in the hands of small individual bakers who did their baking the first three days of the week and, in the last three, delivered the freshly baked product to their customers. Two generations later the changing tempo of industry had brought with it much larger baking units each serving a large territory. Crackers were distributed through intermediate channels. They often reposed in wholesale warehouses for indeterminate periods. Freshness of the product was a pressing need.

About that time the answer was provided by the organization of a few large companies such as National Biscuit which could provide the advantages of large scale production with a wide network of distribution. The first step was to devise a method of packaging that would insure freshness. The second was a number of large regional plants supplying a much larger number of branches. At present National Biscuit has 31 bakeries in 21 states and 253 selling branches in all the principal centers of population, serving the retail trade with store-door delivery. The other large companies have a similar framework of distribution.

That is why today we can buy fresh packaged crackers in all sorts of varieties and be sure that no cat has slept on them. But one other step was necessary before this development could be a reality. The cracker companies had to advertise liberally to the whole nation to create a demand for the products of these great organizations. They took a chance, spent their money—and won.

than 4,000 pages and includes testimony from scores of men brought to the hearings from all parts of the country. To top it off, everyone connected with the case made a complete tour of the country for hearings.

According to its last annual report, in the year ended June 30, 1939, the Commission instituted investigations in 173 cases. This brought the total, since the law was passed in 1936, to 689. In its own words, the "Commission's administration (of the law) has touched to some extent the whole field of industry and commerce."

Each of these investigations is "much more costly" than those made for any other laws administered by the Commission, the report states.

A self-built pedestal

ADMITTEDLY the Commission has been in a difficult spot but it is not amiss to look at some of the ideas which it has been trying to establish. The F.T.C. was set up originally at the behest of business men themselves to bring dishonest and unscrupulous competitors to book. Throughout the years its basic theme has been the protection of the buying public, meaning that, if the Government prevented the public from being abused, legitimate business could work out its own salvation.

In theory this same solicitude for the consumer exists today but the addition of new laws to administer has gradually forced the Commission onto a lofty quasi-judicial pedestal from which it operates as complainant, prosecutor, jury and judge. In the more spectacular phases of its present work, the Commission's original concern for the consumer as such has been pushed so far into the background that it has become virtually invisible. The topic that F.T.C. now finds most absorbing is the regulation of trade practices, with itself largely having the power to decide what is good or bad.

Nowhere is this more apparent than in some of the F.T.C.'s Robinson-Patman cases. The law says that quantity discounts are legal as long as they "make only due allowance for differences in the cost of manufacture, sale or delivery." This means that a seller may pass on resulting savings in quantity deals. When the Commission issued a complaint against Standard Brands, the company called in eminent cost accountants to defend its cost accounting system. Accountants for the Commission disagreed with these men and, almost as a matter of course, the Commission issued a cease and desist order against the company. Thus on a subject as controversial as the best methods to be followed by cost accountants, a matter on which the accountants themselves were unable to agree, the Commission held that Standard Brands was a law violator. It forced the company to pay untold thousands for its defense and left it vulnerable to suits for triple damages.

The authors of the Robinson-Patman Act had not intended to disturb the voluntary organizations perfected by independents to make themselves competitive with the chains. The voluntary chains also were applying the principles of centralized buying, supervised promotion and efficiency to independent wholesalers and retailers.

After the Commission successfully prohibited the payment of brokerage to the buyer in any form whatsoever, regardless of the performance of any services provided for in the law—a point, by the way, on which there is still considerable disagreement—it became necessary for the F.T.C. to move against some of the very companies the law was passed to protect. The first case in this new field has not yet been decided.

Probably the most important single thing being accomplished by the Robinson-Patman act is the rapid integration of business—exactly the opposite of what its original sponsors had in mind. A company exposed to constant surveillance, its every method and move open to question, will naturally reach farther and farther in an attempt to bring under control all of the factors with which it must deal. Only in this way can it be certain that it won't be held equally guilty if the other party violates the law.

Probably the best barometer of this shift is the tremendous impetus that has been given in recent years to the private, or distributor's, brand. This development is denied in some quarters but a number of careful studies have shown that the private brand question is becoming increasingly serious to large manufacturers and owners of national, or packer's, brands. It would be wrong to put the blame for this transition wholly on the Robinson-Patman act or on the Commission but these two facts stand out:

First: The number of private brands is increasing because many large distributors, rather than have their every deal subject to public examination, have started putting increased promotion behind brands which they can wholly control.

Second: The threat of F.T.C. action against advertising allowances has led to the discontinuance of much point-of-sale promotion by manufacturers, making many national brands unprofitable from the distributors' standpoint. The distributors have reasoned that, as long as they spend promotional money, they might as well put it behind their own brands.

Actually, the law does not prohibit advertising allowances. It simply requires any company making an advertising allowance to one distributor to make it available on "proportionally equal terms to all other customers." In most instances this proves to be a suicidal waste of money. After the cream of the trade has been covered, it is doubtful if the remaining distributors can perform an advertising service worth any amount of money. Many manufacturers believe they should be permitted to buy the promotional services of only those distributors who are able to do an acceptable job.

Law creates a dilemma

THERE CAN BE no doubt that the Robinson-Patman act is the most upsetting influence to come to distribution in recent years. It was intended to eliminate all of the inequalities of business but instead it has brought unlimited confusion.

How else could one account for the dilemma in which the principal rug manufacturers of the country find themselves? Ready to throw up their hands at the problem of working out acceptable quantity discounts, they finally decided to eliminate them altogether.

Patman is not the first

It has come to be that the measure of success of any retailing institution is the amount of fulminating indignation aroused among the rank-and-file retailers. By this yardstick it was quite emphatically clear by 1897 that the department store had come to stay. A great and growing sentiment against the department stores had amplified to a nation-wide roar in that year. It crystallized in the form of demand for legislation to limit the operations of the aggregated wealth and concentrated energy of the great "merchant princes." Legislative agitation was thunderous in Illinois and New York and in a number of cities. In Chicago a law was proposed which would require a store to pay a license fee in order to carry added lines, the fee to be larger than the gross profits from the expansion.

—Printers' Ink



DOUGLAS FROM GENOUREAU

The American distribution system makes it possible for this youngster to have a health-building diet the year round no matter in what part of the country she lives

More political labels

I learned that one company whose labeling has been under fire spent \$100,000 merely on the revision of its labels, the copy, the typography, the style of presentation. This expenditure did not include the printing of the new labels. And the cost was not added to the price per can and paid by the consumer.

—Anna Steere Richardson

Keep the "furriners" out!

Fifteen states have adopted "use" taxes which penalize products brought from other states to sell. Nine states have ports of entry. Twenty-one states have laws giving preferences to sellers who live inside the state. Some states impose taxes on commercial travelers. There are state caravan laws taxing used cars brought in from outside states to sell. There are margarine taxes to protect the dairymen of the state at the expense of the packers in another. . . . I am told that 409 restrictive state trade laws will have to be abolished if the United States is to become again the world's greatest free trade area.

—J. C. Aspley, President,
The Dartnell Corporation



No barbed-wire fence and customs men guard this county line but it marks the border of a new taxing unit. Citizens were arrested for buying cigarettes outside the walls and bringing them into New York City to avoid payment of a special city sales tax.

They were followed by a number of dress and hat manufacturers.

The reaction in the trade was immediate. Buying practically stopped. In a panic, the rug manufacturers decided to restore the quantity discounts. No sooner had they announced their schedule than there were rumors, as authentic as can be any rumors concerning the Commission, that actions were to be started because the discounts violated principles the Commission had laid down in earlier cases.

These complaints have not materialized, possibly because the Department of Justice stepped in with a Grand Jury investigation to find out if the manufacturers had violated the anti-trust laws by acting in concert.

In spite of the chaos the Commission has created, it seems likely that large buyers will be able to get, in a roundabout way, approximately the same prices they have been getting all along. In a recent bulletin to the food trades, the American Institute of Food Distribution reported:

In the main, business will go on much as it has in the past after the period of confusion is over. There will be price differentials. No law can stop them altogether. The methods for arriving at those differentials will be changed and there must be greater effort to justify savings on a legal basis.

The growth of government regulation has had a peculiar effect on interstate trade. State lines have meant less and less to the federal Government but this usurpation has been met by a tremendous increase in the number of interstate trade barriers erected by the states. Possibly there is a connection between these two phenomena. Suffice it that the two are developing together.

All commerce "interstate"

TO THE federal Government, intrastate commerce is virtually a thing of the past. The F.T.C. has had a heavy hand in this change by its enforcement of the Robinson-Patman Act, if in no other way. By a newly established principle, the buying activities of a firm can now place it in interstate business. This is in contrast to earlier days when the determination of whether a company was engaged in interstate commerce was based almost wholly on how it sold its goods. By the same token, the Government concept of competition has been subtly changed. While the Commission might wholeheartedly deny it, the day is coming when a seller will be prohibited from offering a lower price simply because it might damage other sellers.

Three major reasons for the trend toward "Balkanization" of interstate trade were found by Prof. James Harvey Rogers of Yale in a thorough study of the question:

First, the need for additional state revenues.

Second, the growing and oftentimes unregulated business of trucking.

Third, the battle between local merchants and outside interests for domination of specific trade territories.

The extent of the problem has been outlined by the U. S. Department of Agriculture which stated in a survey last year that practically every state has placed restrictions and regulations on

interstate trade. Every farm product is affected. The regulations and restrictions include discriminatory inspection fees, licenses and taxes, conflicting food grading, labelling and packaging laws; a maze of quarantines, embargoes and other impositions.

No one will quarrel with the basic aims of the Food, Drug and Cosmetic Act. It is designed to give the consumer needed protection against the machinations of the few who would trade on human suffering and gullibility. But it is in danger of falling into disrepute and its worthy objective lost in the usual bureaucratic muddling. The Food and Drug Administration is inclined to put its finger into every man's business and to regulate matters that go far beyond the apparently benevolent purpose of the law.

One example of many that might be cited is the new standards for canned cherries. At this hearing, the canning industry was not as fully represented as the Government. In spite of a flood of letters and telegrams to government officials and Congressmen, the official standards now force the canners to use the word "sour" on their labels to describe their product. This is a term the industry has been trying for years to eliminate because it is misleading in its connotation. "Sour" cherries actually are not sour to many consumers.

The move toward the declaration of all ingredients on the label may eventually come a cropper through the initiative of consumers themselves. Housewives have been heard to complain that the presence on a pastry wrapper of such unattractive and unnecessary information as "vegetable oils, dried skimmed milk and coloring matter" makes the pastry unappetizing. As recently as February 21, a group of 500 women at a meeting sponsored by the Advertising Women of New York denounced the extension of government inspection of foods and manufactured products as "unnecessary extension of bureaucracy."

If the day comes when all initiative in selling is subjected fully to the whims of Washington, and if a transaction between a distributor and a consumer becomes a matter of the consumer's buying without being exposed to any salesmanship, the A-B-C grades will be valuable. Then attractive stores will be replaced by supply depots. Today it is not a crime to point out characteristics which make a product outstanding—differences which could not possibly show up in an A-B-C grade.

Economic law is forgotten

MOVING on into that phase of distribution that may be designated as the zone of competition, we find the tendency to have the state control all the actions of men even more pronounced. Time-proved economic laws have been abandoned in favor of a new opportunism. Thurman Arnold is the most candid spokesman of this philosophy. He jeers at "the naïve fears that opportunistic action or judgment based . . . on political expediency" will lead a people into trouble.

This faith that any means are justified so long as they attain certain "socially desirable" ends is a result of the traditional impatience of reformers. They are concerned with objectives, not with methods.



This East Side curb merchant in New York has a little tin box for sales tax pennies. To police all the small vendors and see that they render unto Caesar would call for a brigade of collectors

Speaking of tariff walls

We should not be indifferent to the impediments to free trade which pressure by local business men put on the statute books of two adjoining states, Louisiana and Mississippi.

Louisiana slaps a \$200 license fee on any non-resident importing poultry, fruits and vegetable products in trucks for sale, while the bordering state goes a step further with this gem, "on trucks carrying goods usually for sale in stores—if goods worth under \$200, tax \$50 in each county; over \$200, the tax is \$100 in each county."

—Philip Salisbury before
Boston Conference on Distribution

Has North Dakota seceded?

In North Dakota a food and drug law was enacted requiring, among other things, a disclosure of active ingredients on the labels. A manufacturer cannot comply unless he changes the labelling used throughout the nation. His goods do not reach North Dakota solely through shipments to that state, but through wholesalers in Milwaukee, Minneapolis, St. Paul and other places even more remote.

Or consider compulsory state trade-mark bills. Assume that 48 states enacted these bills; that the laws varied in one way or another among the states; that what could be registered in one state might not be registrable in another. "Confusion now hath made his masterpiece."

—James F. Hoge in *Printers' Ink*



Efforts to boost farm income, either by paying farmers for raising nothing or by pegging prices have always disrupted the distribution system and, in the end, meant hardship

Heads you win

If you are in doubt about whether an unusual mailing piece comes within the postal regulations you may take a proof to the postmaster and he will tell you whether or not it is permissible, and if not, what is wrong with it.

The Food and Drug Administration doesn't work that way. If you are a manufacturer and have devised a new label for your product you may submit it to the F.D.A. for inspection. If it's *not* acceptable they will tell you so. But they won't tell you that it is acceptable. If they make no comment the best you can do is to go ahead, print your labels and hope the F.D.A. will be charitable.

The rain of laws

The Fair Trade laws demonstrate the weakness of regulation within the bounds of law serving private grievances instead of the general interest.

—Ewald T. Grether, in
"Price Control Under Fair Trade Legislation"

As Lester Ward, the horse-and-buggy sociologist, once put it:

The whole difficulty with the discussion of social questions has always been this haste to deal with the end, this impatience with everything that relates to the means. The fact is that the end can be attained only through means. All attempts to reach the end directly are destined to fail.

Much of what is being done to obstruct and divert the normal channels of distribution in this country may be traced to the stubborn pursuit of two ends.

1. Prices must be raised.
2. Purchasing power in the lower brackets must be jacked up.

The two ends are interlocked in so many ways that they are often indistinguishable. They are also contradictory in the sense that higher prices tend to make lower "real wages." Some of our political leaders have interested themselves in price lifting, while others followed the purchasing power theory. All have shown a childlike faith that their great objective could be reached by going after it directly, and all have failed just as Ward said such attempts would fail.

"Do it we will!"

IT WILL BE remembered, certainly by disappointed farmers, that President Roosevelt himself stated this price dogma when he declared in 1933 that the Administration would raise farm prices. "If we cannot do this one way we will do it another," he asserted. "Do it we will."

In the effort to do it, all sorts of resorts were tried. Through a government policy of lending 12 cents a pound on cotton, the price was pegged at an artificially high level that cost the nation a large share of its cotton export market. A vast surplus was accumulated, including at present some 14,000,000 bales, of which the Government stock is nearly 10,000,000 bales. Bonuses were paid to encourage the production of other agricultural items that soon glutted the market. At one time, 57 cents a bushel was being lent on corn when many farmers were still holding surpluses on which they had borrowed 50 cents a bushel.

To head off mounting surpluses, the managed economy manipulators turned to another new device in American policy—the control of production. They called it "conservation," whether in farm products or petroleum. By a strange paradox, farmers were paid for what they did not produce.

When even this failed to work, the bag of tricks yielded another singular scheme. The same men who had enjoyed cussing the old Federal Farm Board then proposed that the Government lift farm prices by the bootstrap method of buying outright the surpluses of certain commodities. Thus was born the Federal Surplus Commodities Corporation. It had just one object—to hold up market prices beyond market levels and prevent the natural adjustment that follows an excess of supply over demand.

But, after they were bought, something had to be done with these

commodities; so the idea was evolved of serving a "social" end by giving them to the underprivileged. Toward this dual objective, cabbages were bought at \$9 a ton when the market price was \$8, so many oranges were shipped into one community that school children used them for baseballs, and apples from one fruit region were shipped to another apple district to be given away.

When distributors objected that this form of largesse was short-circuiting and damaging their business it was decided that F.S.C.C. food would be sold through retail stores under a two-price system, according to the means of the buyer. That general idea finally was adopted in the form of the food stamp plan. In effect, relievers may purchase food at two-thirds of the regular price and the F.S.C.C. pays the difference to the merchant.

No one has offered much criticism of this idea, since at least distribution is attained through private distributors. But the thoughtful are asking, "Where is this thing to stop?" If the stamp plan is used for food, what is to prevent its adoption for coal or radios or theater tickets? If it spreads to everything, what is left of free enterprise in distribution? Will we have government stores for part of the people and private stores for others as in Russia?

Already some of these questions are being answered in the announcement that the stamp plan is being extended to cotton goods. They will be available to the preferred group at half price. Dr. Claudius T. Murchison, president of the Cotton Textile Institute, visualizes the cotton stamp idea as a thinly disguised sales tax of 12 per cent, because it is a means of giving one group of consumers a substantial price reduction at the expense of the other, much larger group, which must pay more for cotton goods.

The question also arises, "What is a surplus?" If newspapers or magazines have advertising space that they cannot sell except by reducing their space rates, is that a surplus? Isn't there a surplus of used cars? And, if so, what is the Government going to do about it? No doubt there will be other bidders.

Tugging at the bootstraps

STEMMING from the second great end sought by the New Era thinkers—the stimulation of low-income purchasing power—was the N.R.A. It was conceived entirely as a means of artificially raising wages and reducing hours. The industry codes were merely a concession to win the cooperation of business. Previously for some 40 years the principal object of all government regulation of business had been the prevention of restraints on free competition. In 1933 all that was changed and government not only winked at but encouraged price fixing and production controls by agreement.

Out of the N.R.A. inspiration there grew up a sort of "collective monopoly" trend. Competition was to be "purified" by establishing "stable" prices and preventing the sale of goods or services below somebody's cost. No one ever was able to define "below cost" beyond suggesting various arbitrary methods of arriving at "average" costs, which usually penalized the most efficient members of a trade or industry.

When taste is measured

The U. S. Food and Drug Administration tests peas for tenderness. They peel the pea, place half of it on a glass slide and pour two pounds of mercury through a series of glass tubes which squeeze down on it. If the pressure compresses the pea to one-fourth its original diameter, as measured by calipers, its quality is vindicated.

Pace setting by laggards

However reasonable the price control provisions of any code might be in a particular set of circumstances, it would seem practically inevitable that the mere fact that an industry group bound itself together to promote a common line of action tends to perpetuate the *status quo*, to weaken the incentive for any individual to pioneer in technically revolutionary and financially courageous ventures in the direction of lower consumer prices through striking economies in cost and enlargement of output. There would seem to be no question but that this type of organization tends to protect the laggard and to slow down the pace of advance to a rate which is comfortable for the less energetic or able rather than to stimulate the maximum practical rate of progress.

—Nourse and Drury,
"Industrial Price Policies and Economic Progress"



Relief clients at Rochester, N. Y. were given first opportunity to claim free food provided by Government's stamp program

This purchasing power shibboleth

Purchasing power is not legislated into existence. It is created by the creation of goods and services which other people want badly enough to give something of equivalent value in exchange therefor. Obvious as all this seems, there must be many thousands of people who are convinced otherwise, considering the amount of talk which is going around to the effect that all we need to do to raise the wage level is to force employers to give the wage earners a greater purchasing power.

—W. C. Mullendore, Executive Vice President, Southern California Edison Co.



PUBLISHERS' PHOTO SERVICE

These people have no worries over the "milk trust," loss-leaders, grade labelling or unfair practices. But they live in a lean world by comparison with ours

The triumph of mediocrity

An immense majority of men must always remain in a middle state, neither very foolish nor very able, neither very virtuous nor very vicious, but slumbering on in a peaceful mediocrity, adopting without much difficulty the current opinions of the day, making no inquiry, exciting no scandal, causing no wonder, just holding themselves on a level with their generation, and noiselessly conforming to the standard of morals and of knowledge common to the age and country in which they live.

—H. T. Buckle

These attempts of some trades under the codes to hold down the leaders to average standards of performance in terms of values given to the public suggest an analogy with the philosophy of labor unions. E. G. Nourse, the Brookings Institution economist, has remarked on this influence and cited the parallel union "tendency to slow down its most skillful and energetic members to the pace of the laggards rather than to stimulate the whole group to the highest productivity of which its members are capable."

Followed then the scourging of "chiselers." The hounds of invective were sicked indiscriminately on those who cut prices because that was the only move they could think of to get business away from competitors, and those who reduced prices with the sensible object of expanding their market and thereby achieving a corresponding reduction in unit costs—a price policy that some of the reform cult has supported.

The N.R.A. left a bequest that is likely to be with us for a long time. That is the national preoccupation with "price stabilization" and related nostrums administered by government.

Even copied errors

INSPIRED in considerable part by N.R.A. came the Miller-Tydings Act removing the federal barrier to resale price maintenance contracts in interstate trade, 44 state "fair trade" acts authorizing resale price maintenance of branded goods, and a flock of "unfair trade practices" acts by the states, intended as horizontal restraints on price competition in retailing. It became such a fad and was so strenuously pushed by pressure groups that 20 states followed the California "fair trade" statute either *verbatim* or with minor variations, ten of them even to copying two serious typographical errors in the original California law!

Ewald Grether, probably the leading authority on the subject, has shown that in Great Britain, where resale price regulation was initiated back in the 1890's, only about 12 to 15 per cent of retail business is done under this form of control. In this country, outside of two or three fields such as drugs and liquor, the proportion is small, although the idea undoubtedly musters a strong sentiment in some retail circles.

A considerable number of manufacturers go along in deference to the wishes of their dealers.

Already, however, it is manifesting certain effects, the end of which it is impossible to foresee. Probably the most pronounced is a tendency to weaken the influence of national brands in the market. Denied the use of price-fixed standard brands in off-price sales drives, many dealers resort to staple substitutes or private brands not subject to such control. This factor of substitution is the force that probably would defeat any attempt to establish a rigid resale price structure. To the extent that it does succeed, beyond a reasonable degree of "stabilization," it robs retailing of the efficiency stimulus in healthy price competition.

While the federal Government was affixing its stamp of approval on these formerly outlawed practices of "collective monopoly,"

others among its thinkers were pulling in the opposite direction. Its T.N.E.C. moved ponderously to investigate allegedly monopolistic tendencies in business. Efforts are made to show collusion in steel prices and patent monopoly through the granting of continuous rewards in the form of patent royalties to inventors of machines and processes.

Mere bigness of business is under suspicion. Because a manufacturer or a distributor gives such values that it wins the patronage votes of a large percentage of the people, some excuse is found to prosecute or persecute it.

There are good and bad monopolistic traits in both big and little business. The truth seems to be that the Government encourages the bad and reproves the good. As A. W. Robertson of the Westinghouse Electric & Mfg. Co. has put it, you seldom see two newsboys working the same corner—a monopolistic trait, though not an evil one. When the pioneers staked off the best lands they could find, filed homesteads and built fences around them, that was a form of benevolent monopoly. Many such circumstances are found in business where a degree of monopoly insures better service to the consumer.

On the other hand, when a group of business establishments get together and agree to limit production, allocate the available business among themselves according to the *status quo*, charge a uniform price and put the "heat" of their combined sales effort on any recalcitrant who refuses to go along with the arrangement, that is monopoly of the reprehensible sort, whether done by a group of large corporations or a group of stores or bakers or restaurants in a small town.

Frequently one finds these repressive monopolistic tendencies in very small units of business. The old-time druggist in an isolated community whose products were not advertised sometimes charged an arbitrary price and stood on a "take it or leave it" attitude. But with all the education in modern advertising, arbitrary prices will not long stand except through governmental support.

Giants compete, too

IT IS often forgotten, too, that some of the keenest competition in trade is that between the very largest organizations.

Back in 1911, Arthur Jerome Eddy had made the point that big business was objectionable, not because it suppressed competition but because it made competition too keen. He wanted to slow down the pace and change the rules so that all players win. Americans of that day were too busy going places to have any time for such defeatist philosophy.

Now we find among the fancier exponents of managed economy in Washington a revival of Eddy's ethos. They regard free competition as passé in modern life—the "law of the jungle." Most persuasive spokesman of this viewpoint is Gardiner C. Means, economic adviser to the Secretary of Agriculture and the National Planning Board. Means poses the theory that, while agricultural prices still are subject to supply and demand control, industrial prices have become inflexible, "administered" by the giants of in-

Did you know?

You cannot be sure you are within the law if you quote different prices for your product to dealers in different localities.

You cannot knowingly buy goods manufactured under standards below those set up by the Wage and Hour Law and ship them in interstate commerce. If you do so, you may be ordered to make up the wage deficiency of the original manufacturer.

You cannot buy your competitor's plant and scrap it, and then deduct the value of the plant from your income tax return as obsolescence.

You cannot label your goods as "shrink-proof" or "non-shrinkable."

—The United States News



BROWN BROS.
Monopolistic tendencies are not confined to big business. The old time druggists in isolated communities sometimes charged an arbitrary price and stood on a "take it or leave it" attitude

We do

We are not getting an adequate return for the money we are spending in Washington, or to put it another way, we are spending altogether too much money for government services that are neither practical nor necessary. And then, in addition to that, we are attempting too many functions. We need to simplify what the federal Government is giving to the people.

—Franklin D. Roosevelt—in 1932

When mediocrity is subsidized

If either the trade agency or the government agency defines as unfair and seeks to outlaw that competition which the most efficient and daring give to the most inefficient or timid—even to the extent of crowding the latter out—then the solidarity of the group will be used for the preservation of mediocrity. Trade organizations so conceived would be combinations in restraint of trade or commerce quite as blighting as any which the law has sought to suppress. Does political action on behalf of the "little fellow" at the margin of inefficiency result in throttling the concern whose efficiency would cause it to grow? If so, our boasted technology has little chance to make its contribution to the welfare of the mass of consumers—the littlest fellows who should be the prime concern of government.

—Nourse and Drury,
"Industrial Price Policies and Economic Progress"

Prices aren't accidents

There is an unfortunate lack of awareness, however, of the fact that one cannot stabilize underlying forces by freezing their surface expression. Prices are the product of the multitude of special and general factors usually conveniently classified in the categories of supply and demand, which are inter-linked into extraordinarily sensitive sets of inter-relationships and which can and do also express themselves in non-price terms. The inhibition of the price expression at any point with the other relations remaining constant merely forces adjustment at other points or in other ways.

—Ewald T. Grether, in
"Price Control Under Fair Trade Legislation"



ERWIN GALLOWAY

Some of the keenest competition in trade is between the very largest organizations

dustry. He would correct the situation by having farm prices administered as well.

The catch in this theory, on which the A.A.A. policy is based, is that government bureaus would do the administering. That would be the death of competition as we have known it. If industrial prices are "administered," it is done by men who realize more acutely than anyone else could realize that, if they set their prices too high or make them too inflexible, some big competitor or a lot of small competitors will be quick to take advantage of that strategic error. On the other hand, if they set them too low they are equally aware of the certain consequences of corporate deficits—an awareness that bureau chiefs are not noted for possessing. They know that the course of industrial evolution under the administration of private ownership has been, inevitably must be, toward better quality, larger markets, lower prices. These are the trinity of a dynamic price policy. The policy of the Means school of thinking is static, and there is a world of difference between the two.

Private market controls unsupported by complete and arbitrary governmental authority seldom can get far in milking consumers through excessive prices for the reason that there are always substitutes the consumer can turn to. When the F.S.C.C. "got behind" butter by purchasing a large quantity and distributing it, dairymen soon saw that consumers were turning to oleomargarine and butter sales were falling off. Stock in warehouses continued to hang as a threat to the market. The surplus had merely been shifted from one place to another.

Natural law at work

IN 1938 there was a light tomato crop and a small pack by canners. That would seem to presage a high price in 1939. Not so, in fact, because there had been an exceptionally heavy pack of corn, beans and peas—all substitutes for tomatoes on the dinner table—which were selling at relatively low prices. Had the tomato canners been organized to take advantage of their light pack by fixing a high price they would simply have lost part of their market to the canners of corn, beans and peas.

No marketing agreement or resale price contract is so airtight as to prevent Mrs. Consumer from leaving the goods on dealer shelves and buying a substitute that seems to her a better value. Control of production and prices never will work until consumption can be controlled, and that can happen only under totalitarian rule.

The price system is a judicially impartial arbiter of economic destinies. As Benjamin M. Anderson of the University of California has well phrased it:

Prices themselves, wiser than any man who helps to make them, guide and control the economic activities of men.

The scroll of the centuries records many efforts to circumvent the mechanism of the price system, but none that has not ended in failure. We have already shown that minimum prices fail because consumers no longer will buy when prices are set above what acceptable

substitutes can be purchased for. Equally true is the principle that maximum prices will fail because the producer refuses to produce unless the price is high enough to be attractive to him.

How to lose a war

A GOOD historical example of the latter type of price fixing has been cited by the historian, John Fiske. During the siege of Antwerp in the Dutch war for independence in the seventeenth century it soon became apparent to the burgomasters that food might become scarce. As a measure of public safety they established by decree a low scale of maximum prices at which food should be sold to citizens.

The effects of this decree were disastrous in two respects. First, the merchants from other cities refused to take the risk of running the blockade through the Duke of Parma's ships of war and into the harbor of Antwerp because the price was so low.

In the second place, because food could be obtained at low prices, the citizens did not conserve the supply, but bought and consumed generously in spite of their danger. Result, the store was soon exhausted and the city was forced to capitulate.

John Fiske's comment on this incident is significant:

The business of government is to legislate for men as they are, not as it is supposed they ought to be.

No scheme yet devised for price control can do more than defer temporarily the inevitable adjustment to demand and supply economy. When a commodity is overproduced, instead of trying to curtail the production of further surpluses by fiat, a much better way is provided by economic law. Let the price fall to a level low enough to induce its purchase. In the long run that is better for the producer because the habit of increased consumption of this product will be encouraged and the basis for a broader market laid after prices return to their normal level.

When, by legislative or administrative action, one industry or one type of business is either subsidized or penalized that is a restraint on free competition. If we believe in the competitive system we must reject all those laws and controls that change the rules in the middle of the game for the benefit of a particular group. Under free competition the best eventually rises to the top in the course of natural selection. But this won't happen if government adopts any other rôle than that of impartial umpire.

Because of its long-run implications, one form of discrimination deserves special mention. That is the effort of the federal planners to nourish cooperative distribution under the wing of the Government, with all the advantages this support provides in competition with private business. Nothing in the cooperative movement itself is directly in conflict with free enterprise or destructive of free competition. In Sweden the co-ops have religiously avoided government sponsorship. But in this country the cooperative movement is being used as a tool to pry open the doors of collectivism by those who are not in sympathy with the profit system.



Pioneer settlers had slight choice of materials—no chance to return goods or complain of quality

None so blind

It's a pity that Government officials don't read their own studies and profit by their own conclusions.

For example: the report on price fixing, published as a Department of Agriculture document in 1922, traced this ancient fallacy through its record of invariable failures in China, Egypt, Greece, Rome, France, Great Britain, Belgium, India and Colonial America. The conclusion reached was that, wherever there was an attempt in this way to ease the burdens of the people, it had only resulted in exchanging one set of ills for another.

In no single instance of the several hundred government attempts to fix prices in recorded history was there success. One common result was the withholding of goods from the market by producers when maximum prices were fixed. When minimum prices were set in the interest of producers and dealers, as is being attempted now, consumers withheld their patronage in the market and looked for substitutes. In either case, the study points out, the scheme is artificial; it sets a producing class against a consuming class and it fails of its purpose because the two, in the very nature of the conflict of interests thus created, will not cooperate.

What a different course the United States would have taken if the Department of Agriculture had read and believed one of its own "researches."

What all business men want

Enterprise does not ask government to let it alone. It does not deny the right and necessity of government to police and referee business activity. It *does* ask government to stop trying to run business, to stop its competition, its restrictions, and its threats.

—Ernest T. Weir, Chairman, National Steel Corp.

Survival of the fittest

Increased efficiency makes possible lower prices, while the profit incentive insures the actual reduction of prices. The greatest profit to the business enterpriser is thus derived through giving to the masses the most for their money. The interest of the profit-maker, therefore, coincides with the welfare of the consumer.

Under the pressure of competition not only is the selling price of commodities gradually and persistently reduced, but the process naturally involves the continuous elimination of obsolete, obsolescent, or otherwise inefficient high-cost, or marginal, establishments. The fit, as gauged by ability to sell at minimum price, alone survive; moreover, the efficient of today promptly become the inefficient of tomorrow.

—Harold G. Moulton
in "Income and Economic Progress"

The real bogeyman

Today it is not Big Business that we have to fear. It is Big Government.

—Wendell L. Wilkie, President,
Commonwealth and Southern Corp.

In 1933 a Central Bank for Cooperatives with 12 subsidiaries in the land bank districts was organized under the Farm Credit Administration to supply long-term, low-interest financing for this special type of distribution. Farmers' cooperatives are specially exempted from certain federal taxes that private concerns must pay. The Rural Electrification Administration is essentially a cooperative enterprise under federal auspices, competing with private power companies. T.V.A. has fostered a chain of consumer co-op stores in the Tennessee Valley. Both Labor Department and Farm Credit Administration issue detailed instructions on the organization and operation of co-ops.

But none of these innovations is quite so meaningful in revealing ultimate objectives disguised in the language of idealism as those model communities of the Greenbelt-Hightstown-Happy Valley type. These modern Edens now dot the nation from Florida to Alaska. Many of them are served by Government-encouraged co-op stores. The whole cooperative way of life is almost obligatory for the residents. Individualists soon discover they are not wanted in Arthurdale or Matanuska. Hosiery, tractor and other factories were erected to be run cooperatively or leased to outside firms.

Russia finds an answer

FREE competition has always been anathema to the collectivist mind. In Russia private merchants are known as "speculators." Under the N.E.P. (New Economic Policy) the Soviet Government established its own system of state stores. In spite of the enormous disadvantages under which private dealers labored, many of them were holding their own and even besting the state stores in competition. Stalin stopped that by practically outlawing the "speculators" in order to drive them out of business.

The Nazi viewpoint expressly repudiates the principle of free competition.

We may readily agree that this is a perfectly consistent position for any collectivist to take. A philosophy that rejects competition among individuals, that seems to level down all rewards of superior ability and moderate the pace of achievement obviously would see no merit in the may-the-best-man-win ideal in business.

Those who employ the slogan, "A more equitable distribution of wealth and income," nearly always do it as a means to power over the credulous millions.

By their measures they have succeeded in reforming the nation. All who live through buying and selling—and to them all others must look—feel the cloying hand of state control wherever they turn. Some degree of income redistribution has been achieved, but the result has been lower incomes for all.

The hope of the future is that distribution and not redistribution will again be the key to public policy. Free and unobstructed distribution flowing through natural channels will reach and nourish all economic levels if only it is given a chance.

**Tremendous Power
made Flexible...**
...that's Rotogravure!

● The scientists' ambition of controlling the mighty power of the sea is still a matter to be solved. However, plans are perfected which may some day harness the ebbing and flowing tides to power stations, converting this vast force into useful, obedient energy.

THE "POWER DREAM" of advertising men has already come true. The most powerful force in advertising was brought under control years ago,

with the formation of low-cost rotogravure groups. Thus the biggest, most intensive circulation in the country (the Sunday Newspapers) may be tailored to fit the needs of each individual user.

You can gear your advertising to the ebbing and flowing

currents of business at an instant's notice. You can put your sales message into better than one out of every two homes in a single city, area, zone or the entire nation, knowing that 80% of the potential readers will note your message.

This flexible, effective coverage was never more clearly demonstrated than by the experience of The Stieff Company of Baltimore, whose letter on the next page is illuminating. For their own retail stores in Baltimore they have used rotogravure for 22 years without missing an issue, and they never fail to impress the importance of rotogravure upon their agents in other cities. Kimberly-Clark Corporation, 8 South Michigan Avenue, Chicago, Illinois, Advertising Department.

MAKERS OF THE WORLD'S MOST WIDELY ACCEPTED ROTOGRAVURE PAPERS

Rotoplate
PREFERRED FOR ROTOGRAVURE

Kleerfect
THE PERFECT PRINTING PAPER

Hyfect
ALL-PURPOSE BOOK PAPER

For One Outlet or a Thousand...

The Tremendous Power of Rotogravure Can Be Controlled to Meet The Need



The Stieff Company

Silversmiths • Goldsmiths

WYMAN PARK DRIVEWAY
Baltimore Maryland

April 17, 1939

Kimberly-Clark Corporation
8 South Michigan Avenue
Chicago, Illinois

Gentlemen:

Our advertising manager turned your letter of April 13th over to me to answer inasmuch as I am more familiar with the situation than he is, as we have been advertising consistently in the rotogravure section of the Baltimore Sun, not missing one issue, since January 28, 1917.

If we had not found it to our advantage to do so we, naturally, would not have been so enthusiastic about it. We believe that this type of advertising is much better than the black and white because it gives the product more dignity and, also, illustrates the articles better.

We also believe that this advertising has contributed considerably to the success of our retail stores in Baltimore, and we try to impress upon our agents the importance of advertising in the rotogravure type whenever they can.

If there is any other information you might wish, please do not hesitate to call upon us.

Very truly yours
THE STIEFF COMPANY

G. N. Stieff
G. N. Stieff
President

GNS:VW

**THE STIEFF COMPANY
USES AND Recommends
ROTOGRAVURE FOR
THEMSELVES AND THEIR
AGENTS... THEY HAVE
BEEN IN EVERY ISSUE
SINCE 1917**

ROTOGRAVURE GIVES YOU...
Local or National coverage, at will, of some 80% of ALL MEN and WOMEN readers.
Consumer action, coupon response, and dealer cooperation.
Graphic reproduction of your product, which helps greatly to sell it.

HOW CAN YOU APPLY ROTOGRAVURE TO YOUR ADVERTISING?

For details and facts concerning the use of rotogravure; the experience of other advertisers in your own field; and what you can expect it to accomplish for you, write Kimberly-Clark. A trained

technical staff, with a wealth of statistical information at their finger tips, is maintained to assist anyone faced with problems of use, preparation or printing of rotogravure copy.

Kimberly-Clark Corporation

Established 1872 • NEENAH, WISCONSIN • 67 Years of Service

NEW YORK, 122 East 42nd Street

LOS ANGELES, 510 West Sixth Street

CHICAGO, 8 South Michigan Avenue

More for your money in Rotogravure



N.L.R.B. has ordered companies in disputes to obey the law even if it meant liquidation

CHARLES DUNN

Government Brakes on Reemployment

By RUSSELL L. GREENMAN



ALTHOUGH the Government is making efforts to find out the number of jobless, it is doing little to correct reasons for joblessness which Government itself has created

HOW LARGE is the present army of the unemployed? This month thousands of census enumerators are seeking an accurate answer to that question. After ascertaining the employment status of the entire adult population, the United States Census Bureau will come forth with one figure showing the total number of persons having jobs and another figure showing the total number of jobless individuals who can reasonably be classified as unemployed.

This enumeration is being taken for the sole purpose of determining the number of unemployed persons rather than the reasons for their lack of work.

No matter whether the census discloses 5,000,000 or 10,000,000

unemployed, the figures still will not indicate the actual extent or the causes of the reemployment problem. There is a real difference between unemployment and mere joblessness. Moreover, it often happens that the volume of unemployment is increased or decreased with no change at all in the total volume of employment.

To illustrate: a saleswoman in a department store resigns to get married. She thereby becomes jobless but not unemployed because she no longer wants to engage in a gainful occupation. Her position is then filled by another woman who had been counted as unemployed because she was actively looking for work. The net result is no addition to employment but the

removal of one individual from the ranks of the unemployed.

Conversely, a stenographer in the same store is discharged for incompetence. In her place, the boss hires a married woman who, for some years, had just kept house and had not been looking for work. This person had not been unemployed in any realistic sense. But, when she takes the job of the incompetent stenographer, the net effect is to add one person to the total number of unemployed although the volume of employment remains the same.

After all, it is much more important to identify the factors that are retarding reemployment than to try to ascertain the precise number of those currently looking for employment or the reasons which have caused "x" million persons to lose their jobs.

As a matter of fact, most folks already think they know the main causes for wholesale unemployment. The trouble is that few agree as to what these causes are.

Since this is a presidential election year, unemployment has become a major political issue, as it was in 1936 and 1932. The ideas of the man on the street are colored by his political affiliations. New Deal critics attribute unemployment to everything from the persistently unbalanced budget to the reciprocal trade agreements.

On the other hand, ardent defenders of the Administration are seeking once more to make business the scapegoat. They have revived the bugaboo of technocracy.

The bogey of machines

"EMPLOYMENT is not keeping pace with production," they say. "Men are being ruthlessly displaced by machines. New inventions are destroying job opportunities for tens of thousands of persons."

This is an old story. No political party has had a monopoly on the theory that increasing mechanization of industry is a major cause of unemployment. In 1931, for instance, when the jobless were rapidly increasing, the Secretary of Labor appointed a commission of business men, union officials, and representatives of the public to study technological unemployment. Incidentally, the commission's main conclusion was that the problem needed still further study.

Of course everyone knows, or should know, that, in the long run, machines create far more jobs than they destroy. But there are two kinds of technological displacement. One kind is socially useful and actually results in

expansion of employment directly and indirectly. This kind comes from utilizing new machines or new equipment to produce better goods at lower cost, thus increasing the demand to an extent that permits employment of more workers.

Thus, for example, the introduction of continuous rolling mills in the steel industry beginning in 1926 made a vastly greater output possible and temporarily displaced considerable numbers of unskilled and semi-skilled employees. But the continuous rolling mill also opened up new markets because, as the Iron and Steel Institute has pointed out, better products could be sold at the same or lower prices.

Because of the increased demand, the steel industry, according to estimates of the Institute, was employing 26 per cent more employees at the end of 1939 than in 1925.

The other sort of technological displacement produces no net gains in business or employment. This kind arises from the necessity of offsetting increases in business expense that are beyond the control of the individual enterprise. To avoid having to raise the price of a given product, thus reducing demand and decreasing employment, a company may seek to offset an increase in its tax load by effecting operating economies that enable it to conduct its business with a slightly smaller work-

ing force. Obviously, the tremendous rise in federal taxes in the past few years has caused much of this kind of technological unemployment. Were it not for the efforts of individual companies to attain maximum economy, price levels for industrial goods could not have been kept below the averages that prevailed before the depression.

Legal brakes on employment

BUT it has not been the Government's tax policies alone that have impeded reemployment and engendered new unemployment. The same results have been produced by the very legislative measures that were expressly intended to cope with the unemployment problem.

Three federal statutes were specially designed to accelerate expansion in business and employment. These are the Wagner Act, the Social Security Act, and the Fair Labor Standards Act (Wage-Hour law). But, because of faulty legislative craftsmanship and imprudent administration, these supposed accelerators have often operated as brakes.

Two of these measures stemmed from the National Industrial Recovery Act. The Wagner Act, of course, had its origin in the abortive Section 7a. The Wage-Hour Act applies the same principles for forcing widespread adjust-

(Continued on page 78)



Tax policies, together with three laws which were enacted to speed employment, have not only made no jobs but have actually reduced them

Uncle Ira is a screwball !

Remember Uncle Ira?

Everybody used to say he was a genius. He had a head for figures—"The Lightning Calculator," he used to be called.

When we were kids, we'd say, "Uncle Ira, how much is seven hundred and thirty-one times twenty-six?"

"Nineteen thousand and six point zero!" Uncle Ira would say, right off.

And then we would figure it out on paper, and sure enough, the answer was 19,006.

Today, everybody says Uncle Ira is just a harmless old screwball. He's bitter and cantankerous, and he doesn't mind telling you why.

"Look at me!" says Uncle Ira sadly. "A genius! A man the Almighty blessed with a great gift! But what good is it, in this all-fired crazy world?"

"Why, any young snip of a girl can set down to one of them new-fangled* Comptometers, and calculate faster than I can! With a machine, mind you! Add, subtract, multiply and divide by finaglin' with buttons! It ain't human!"

"Why, those consarned contraptions even got a jigger** that eliminates errors! I tell you, the folks*** that make them Comptometers had ought to pay me damages!"

Anything younger than himself is new-fangled Comptometers have been serving Business and Industry for 54 years.

**The Controlled-Key, which positively checks all imperfect key-strokes, and helps to make possible the Comptometer's remarkable first-time accuracy.

***Felt & Tarrant Mfg. Co., Chicago, Ill.



Washington and Your Business

Isn't It a Headache?

"As I understand it, you want to borrow this money from us to dig gold out of a hole in the ground so you can sell it to us so we can dig a hole in the ground in Kentucky to put it in. Is that a business?"

New Scheme to Get Rid of It

NOW that the gold in the hole has mounted to \$18,000,000,000—all going in and none going out—Adolph Berle and others close to the Administration are testing the ice for a new plan. When the war ends every one in Europe will be broke, according to Mr. Berle. Therefore the American-owned gold should be lent to the broken ones, thereby reestablishing prosperity and winning some more of the praise for the United States that followed our previous loans to Europe. Congressmen who have heard the plan are displaying a certain cynicism. Said one:

As I understand the theory, if we do not get that gold into circulation it will not be worth anything. If we lend it we may never get it back. Only two chances and both to lose.

More gold talk on Capitol Hill than ever before.

Peace Coming in 100 Years?

A CLOSE observer of international affairs recalls the statement made by Gen. Tasker Bliss at the Versailles conference:

So many animosities have been created, so many new conflicts of interest set up, that it is not likely that world peace will be reestablished before 100 years.

A LARGE group of manufacturers asked Secretary of the Navy Edison and Assistant Secretary of War Johnson to meet them at an unpublicized meeting in New York and explain the Industrial Mobilization plan. By it the country has been divided into 14 areas. Ten thousand manufacturing organizations have been asked to ready themselves to make the "problem items"—wholly military in nature—needed in case of war. The manufacturers liked what the two statesmen said.

"But," asked one, "why haven't we heard this before?"

It appears that officers from the Procurement Divisions of the Army and Navy have been touring the country, trying to tell them. But the heads of industries have grown so completely tired of the numerous sharp-nosed young government men with questionnaires and blank forms that they have been turning them over to subordinates. Some of the subs did not bother to report that the Army and Navy officers were a different breed of cat. They were fed up, too.

Look at This in November

I think the Republicans will gain 71 seats in the House. That will give them control.

THE MAN with the gold mine in Alaska wanted \$300,000 from Jesse H. Jones, money-lender extraordinary for the Government. Mr. Jones said:

He gets his advance info from professional politicians. A professional politician who does not know what is going on ceases to be a politician.

Another Note on Bird Lore

IN THE course of the hearings on the T.V.A.'s tax troubles by the House Military Committee Congressman Faddis of Pennsylvania told of the pauper ducks of Long Island:

"When the first cold snap of the winter iced over the duck feeding grounds," said he, "some ill-advised persons scattered food for them in the patches of open water. That was pretty soft for the ducks, for it saved them the long flight to the southern grounds where they would have to work for their living. *Field & Stream* says they have formed the habit of living on charity and some of them will never work again."

Easy Money Getting Hard

HE believes that T.V.A. has won its last victory in the House. Congress, he says, is more and more disposed to insist that the federal hydroelectric ventures shall no longer be supported by the general taxpayer.

Santee-Cooper Under the Gun

CONGRESSMEN who think as does Mr. Faddis are beginning to be interested in the troubles of the Santee-Cooper Authority. The *Charleston News and Courier* has charged that "the Santee-Cooper Authority is shot through with extravagance and waste.—If money is being wasted is it or is it not the money of the American people?"

Thereupon the Authority decided to move its offices to Columbia, S. C. The editor of the *News and Courier* responded that the editor can be removed "if he is a thorn in Charleston's flesh" but he is not prepared to move from his conviction that:

Santee-Cooper Authority is, in the main, a set-up of politicians without known qualifications to build and develop industrial plants, that this project is shot through with extravagance and waste, and these opinions he will continue to print unless convinced that they are groundless, while he occupies a post which he holds to be a public trust.

The Radio Ox Was Gored

THE Federal Communications Commission recently issued an excellent annual, filled with information and helpful hints, which has dreadfully annoyed the radio companies. The F.C.C. showed that the cable companies are not doing as well as they used to do and the radio companies are doing better. The obvious way to correct income inequality is to pass a law or issue what the British call an Order in Council. The radio companies which are threatened with affliction say in effect that if government meddling with the business of communications had begun 100 years ago we would still be sending letters by carrier pigeons.

So One Leads to Another

A SPOKESMAN for the railroads says that the talk about tariff barriers at state lines is a lot of distressful tosh. The railroads, he says, have been crossing state lines ever since Commodore Vanderbilt first got the idea. They have

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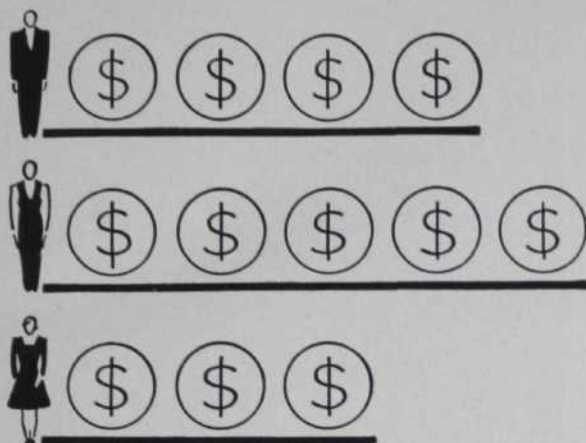
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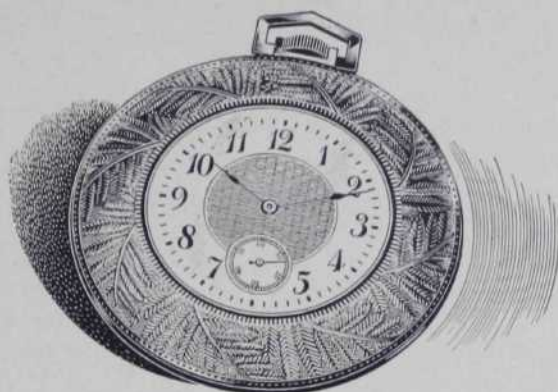
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EXHIBIT A



Present the facts



Show the details

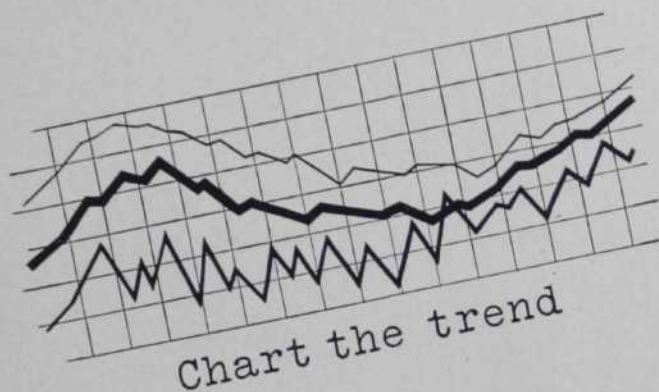


Chart the trend



Save money

Nation's Business does its part . . .

We are letting Nation's Business present part of a story about a new, economical way businessmen can get things done with words and pictures on paper.

The above reproduction was made from one of hundreds of copies turned out by an office duplicator!

Here are clear, sharp lines and letters—the kind of reproduction you expect to see in today's magazines—but, we want you to see one of the actual *duplicated* copies. It will show, better than words can tell, how a wide variety of communications, forms, and promotional literature needed in your business can be duplicated by the same

practical office method, and at substantial savings.

Let us put the case in your hands. Just send the corner of this advertisement with your letterhead to the address below. Or, if you prefer, call in the Multigraph representative near you.

With your copy of "Exhibit A," we will send other examples of this new, better office duplicating method that is providing quality, convenience, and economy for thousands of concerns.

ADDRESSOGRAPH-MULTIGRAPH CORPORATION

1209 Babbitt Road, Cleveland, Ohio

ADDRESSOGRAPH-MULTIGRAPH OF CANADA, LTD., TORONTO

*Multigraph * * * Multigraph Duplicator * * * Multilith*

"...one evening a week for courting"

(and keep away from
those Spanish cigars)

YOU'LL probably smile as you read the list of "do's and don'ts" on the opposite page. They belong to the 1880's, and business has come a long, long way since then.

But has the public's *understanding* of business advanced quite as far?

How often you hear some executive say, "People know our product—but if they could only see the inside of our *company*! If they knew the things we do for the welfare of our employees, the investment we make in research to keep improving quality and lowering prices . . ."

There is one sure way to increase public support for your company—and that is by backing up your regular advertising with a public-relations program.

Public-relations advertising is no mystery. And if you check the companies whose sales are strongest, you'll find, more often than not, that they are telling their *company* story to the same millions of people who read about their *products*.

Last year the companies that invested in public-relations advertising concentrated more heavily in Curtis magazines than in all others combined. And the results are reflected not only in goodwill, but in *sales*.

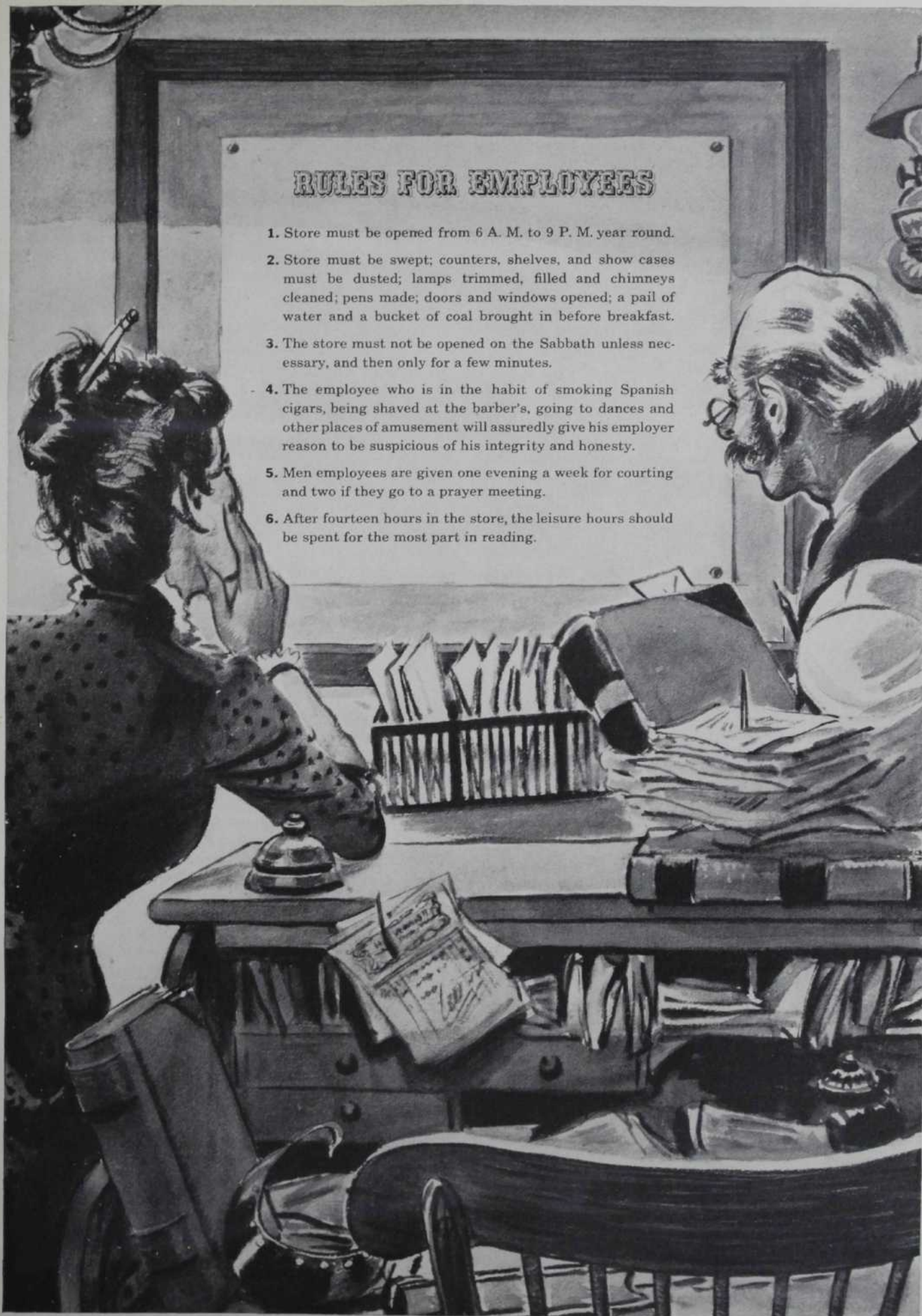
THE CURTIS PUBLISHING COMPANY

THE SATURDAY EVENING POST LADIES' HOME JOURNAL
COUNTRY GENTLEMAN



RULES FOR EMPLOYEES

1. Store must be opened from 6 A. M. to 9 P. M. year round.
2. Store must be swept; counters, shelves, and show cases must be dusted; lamps trimmed, filled and chimneys cleaned; pens made; doors and windows opened; a pail of water and a bucket of coal brought in before breakfast.
3. The store must not be opened on the Sabbath unless necessary, and then only for a few minutes.
4. The employee who is in the habit of smoking Spanish cigars, being shaved at the barber's, going to dances and other places of amusement will assuredly give his employer reason to be suspicious of his integrity and honesty.
5. Men employees are given one evening a week for courting and two if they go to a prayer meeting.
6. After fourteen hours in the store, the leisure hours should be spent for the most part in reading.



been paying taxes to each state, he says, in proportion to the amount of business done in each. He says the mil-dew that has been spread on the popular understanding is wholly for the benefit of the trucking companies who hope thereby to escape taxation. Kansas, said he, has the best law of all, through which trucks are taxed just as railroads are, in strict proportion to the business done. All of which is deprecatingly and even tenderly passed on. This department does not invite an answer from any truck-driver. It bruises too easily.

Nothing To Do with Nothing

WITH no desire to cast light upon anything, this department observes that an acquaintance in the District asked for bids on the job of changing the electric installation in his store from D.C. to A.C. Two union labor firms bid approximately \$4,600. Two non-union firms of equally high standing bid approximately \$900 each. All four guaranteed results.

The Federal Monster's Maw

AN important but obscure phase of the state barrier situation, said he, is that, if the plan for federal taxation of interstate carriers becomes an actuality, another step would be taken in the march toward the breaking down of state entities. Under this plan, all interstate business would be taxed and controlled by the federal Government, which would prorate its takings among the states. Pretty soon we would have satrapies and provinces and Lord Governors in silk lined gilt pants, he said. He was unhappy about it.

New River's Navigation

THE Supreme Court has agreed to review the New River case, which has been inching through the courts for 10 or 15 years. The gist of the case is that the Federal Power Commission, which has a certain control of navigable waters, maintains that the navigability of a stream starts with the stream, even if its headwaters could not float an egg. If it wins the case it would seem to a bystander that the time is appreciably nearer when the country may be divided into nine great watershed regions, as was first needled up some years ago.

Always Balm in Gilead

THERE are times, of course, when the decisions of the High Court leave its reverent spectators in a state approaching stupefaction. Recently the Court ruled that New York had the right to impose a three per cent tax on cigarettes bought outside the city and state and brought in for delivery. A little later the Court ruled that Arkansas could not impose a tax on gas bought by the Dixie bus company and brought into the state. Both decisions were by a five to three vote. Gas and cigarettes are both commodities and New York and Arkansas are both states and no one has ever found out why a hen crosses the road.

Law and the Boss Bureaus

A UNANIMOUS decision of the Supreme Court—the opinion was written by Mr. Justice Black—would seem to favor the contention that the great administrative bureaus must be ruled by law and not by men. The opinion reaffirmed the position previously taken by the Court that the Bureaus are the sole judges of fact in controversies coming before them:

It is essential that courts regard this division of responsibilities.

In non-formal language that means that, although the

bureaus pass on the facts, the courts must decide upon the law. The Logan-Walter bill, now pending, is an effort to simplify and shorten the processes by which the bureaus are informed upon and compelled to obey the law. The best information is that the opposition of the bureaus may prevent the enactment of this bill at this session. It is possible that it may become law after it has been gutted.

Write Your Own Ticket

ORGANIZED labor and the editorial columns apparently accept the unanimous decision of the U. S. Court of Appeals for the District in the case of the American Medical Association as strengthening Thurman Arnold's campaign against unions he charges with monopolistic practices. The Court interpreted the law as prohibiting acts—

Which keep the public from receiving goods and services as freely as it would without such restraints.

The Building Trades Conference of the A. F. of L. declares that "Organized labor must and will resist these reactionary policies with all its strength."

The case will not be settled until the Supreme Court has passed on it.

When Doctors Disagree—

BEST available information on the reasons why Undersecretary of State Sumner Welles, complete with valet, took his swing around Europe is that the White House really wanted to know what is going on. Ambassador Bullitt is visiting from Paris, confident that all will be well. He means, of course, that the Allies' cause is doing nicely. Ambassador Kennedy came home from London dark with gloom and refused to brighten up under Mr. Bullitt's beams before he went back again. Both gentlemen are well loved in their present parishes. Mr. Welles has never yet been loved by a foreign statesman, and it is regarded as likely that his report on the temperature of the patients will be firm.

Looking for a Rubber Pea

INDICATIONS are that the Panama Railroad Steamship Company may come in for another little dash of congressional attention. The charge is made that privately owned steamship companies are unable to meet the rates offered by the P.R.Ss. Co., although the government-owned corporation showed a loss of \$87,000 in 1939. No particular steam is reported in Congress as yet, the legislators having become somewhat accustomed to government methods in competition with business. There is always hope that the inquiry might be good for a junket, even in these hard times.

Cleaning Up Dirty Water

CONGRESSIONAL forecast is that the stream pollution bill agreed to by the Executive and representatives of both Houses of Congress will probably become law in practically its present form. It provides for surveys by the Public Health Service and gives the R.F.C. authority to make loans when recommendations are agreed to. Federal authorities are not given arbitrary power. In effect, the bill recognizes that the cleaning-up process is a matter for federal and state cooperation, and that the actual progress must depend on the slow but apparently steady growth of public opinion.

No Sound of Trumpet

UNLESS appearances are in error, the team of Corcoran and Cohen won a smashing victory in the Associated Gas and Electric case. They have burned no flares about it, having grown foxier since Passamaquoddy, but here is the chron-

TRUCK BUYERS KNOW TRUCK VALUES



**and when the truck buyers of the nation
purchase more Chevrolets than any other make—
that means "It pays to buy Chevrolets!"**

"Best Haulers—Best Savers—Best Sellers" in the entire truck field. That's Chevrolet trucks! And the fact that they're the "*best sellers*"—the fact that truck users buy *more Chevrolet trucks* than any other make—is conclusive proof that Chevrolets give better haulage service at lower cost! Truck users *know* that Chevrolet's extra-sturdy truck chassis and extra-sturdy truck units throughout mean greater endurance and longer life! Truck users *know* that Chevrolet's famous Valve-in-Head Six-Cylinder Truck Engine gives the maximum pulling power at the minimum cost! And truck users *know* that the nation's preference for Chevrolets is the buyer's guarantee of their greater dollar value. Take the doubt out of truck buying this year—profit by the combined experience of the truck buyers of the nation—choose Chevrolet trucks! Your Chevrolet dealer will be glad to give you a thorough demonstration—*today!*

CHEVROLET MOTOR DIVISION • General Motors Sales Corporation • DETROIT, MICH.

ONLY CHEVROLET TRUCKS BRING YOU ALL THESE FAMOUS FEATURES

NEW DE LUXE TRUCK CABS • CHEVROLET'S
FAMOUS VALVE-IN-HEAD TRUCK ENGINE
• NEW HYPOID REAR AXLE • EXTRA-STURDY
TRUCK FRAME • NEW FULL-VISION OUT-
LOOK AND NEW CRYSTAL-CLEAR SAFETY
PLATE GLASS WINDSHIELD • PERFECTED
HYDRAULIC TRUCK BRAKES • SPECIALIZED
4-WAY LUBRICATION • NEW SEALED BEAM
HEADLIGHTS (with separate parking lights)
• FULL-FLOATING REAR AXLE (on Heavy
Duty models)

(Vacuum-Power Brakes, 2-Speed Rear Axle
optional on Heavy Duty models at extra cost.)



**More than ever, the
"THRIFT-CARRIERS
FOR THE NATION"**

CHEVROLET TRUCKS

ological record. The S.E.C. compelled the A.G. & E. company to apply for a bankruptcy reorganization. Interested bankers asked that the court name John W. Hanes as receiver.

He was recently Under-secretary of the Treasury and is rated as sound, able and conservative. Sen. George W. Norris, father of the Little T.V.A. mess in Nebraska, successfully fought the suggestion. Messrs. Morgenthau and Jackson, respectively heads of Treasury and Justice, tried to force the S.E.C. to accept the trusteeship. The proposition to make the commission judge, jury, prosecutor and operator of a utility company which has a pay roll of \$50,000,000 a year and 225,000 stockholders was refused by the S.E.C. by a four to one vote.

Mid-Continent Link to T.V.A.

THE Corcoran-Cohen-Norris plan had been to make the enormous A.G. & E. system a mid-continent link between T.V.A. and the western hydro-electrics. When the S.E.C. refused to obey the orders of the triumvirate the three did not attempt to conceal their disappointment. Then the court named three trustees, of whom two are out-and-out government ownership advocates.

They belong to the group which some years ago planned the capture of the railroads for a \$14,000,000,000 bond issue which would leave the stockholders out in the cold. Senator Norris had nothing to say of the court action, and as he has always had plenty to say when he was not pleased it may be assumed that he liked it. Make way for the Big Grid. That is a long step on the road to government control.

Fleming Makes Good Start

A FLOCK of fancy swallows failed to make a pleasant summer for Elmer Andrews when he was wage-hour administrator, and the same birds may bring Col. Philip Fleming no luck in the same post.

It can be reported, however, that he got away to a good start. He seems to have restored discipline in the office, is disposed to play fair with employers and employees, and has no evangelistic streak. Just a plain army officer. Some of Wage-Hours' previous astigmatism may be corrected.

Guess by a Fast Guesser

NO guarantee goes with this statement. But one of the men who make a business of watching legislation says:

The report of the Smith Committee in which fault was found with the N.L.R.B. will be tossed around more or less during the session, but no very determined effort will be made to amend the law. The theory is that it might get into politics now, whereas in another year it will be possible to correct most of its faults with slight opposition. But the Board may be thoroughly worked over.

He is not a refined man.

His literal statement was that the Board and the Act would be stewed in their own juice. The Smith Committee has been given another \$50,000 for some more investigating.

Not As Easy as It Looked

DIFFICULTIES which the Government encounters in an effort to control business—not regulate but control—are brilliantly illustrated by the experience of the Bituminous Coal Division of the Interior Department. Under the Guffey act, it was planned that the Government fix minimum prices for all coals, to ensure fair play for the operators, miners and consumers.

The Bituminous Division is now gathering information

involving 400,000 mine prices, 150,000 destination points, almost innumerable differences in coal values in use, even in coals from the same mines, and in adaptability to various burners. Some commentators think that, in the end, there will be a return to the system of free competition, controlled by the operators themselves, under some such plan as the Appalachian compact, which was ok'd by the Supreme Court.

Big Ants in Jove's Pants

A FAVORITE charge of the make-over crew is that corporations put new inventions on the ice to save themselves money or inconvenience, thereby causing grief to inventors, the public, and the year's Harvard graduates. The WPA published a report not so long ago in which the same thought was polished up.

Now it appears that the Federal Communications Commission has a refrigerator of its own. A new device for the printing of a radio operated teletype newspaper in every home at about today's subscription cost is said to be thoroughly practical, but the FCC is refusing to license it because of the dislocation that would result. Another new radio gadget is a frequency modulation device, which would, so they say, multiply wave channels indefinitely and render today's receiving sets obsolete. The FCC's fingers are firmly crossed.

School Master on the Bench?

ILL-NATURED but highly enjoyable gossip is that some of his associates on the Supreme Court find Mr. Justice Frankfurter just a little too much of the voluble pedagogue for their tastes. Some of them have even tapped their forefingers on the court's long desk, which is equivalent to an attack of mania in less restrained circles.

It is likewise reported that Mr. Justice Frank Murphy does not like the work and may resign. Label that one doubtful.

How Will Ickes Reply to This?

RUSSELL B. BROWN, speaking for 22 oil producing associations in opposition to House Bill 7372—"originated in, drafted by and being sponsored by the Interior Department"—which would give the Department absolute control of the oil industry:

"Nothing can be done under this law until some one not now known to you prescribes some regulations not now known to him defining some activity now uncertain—"

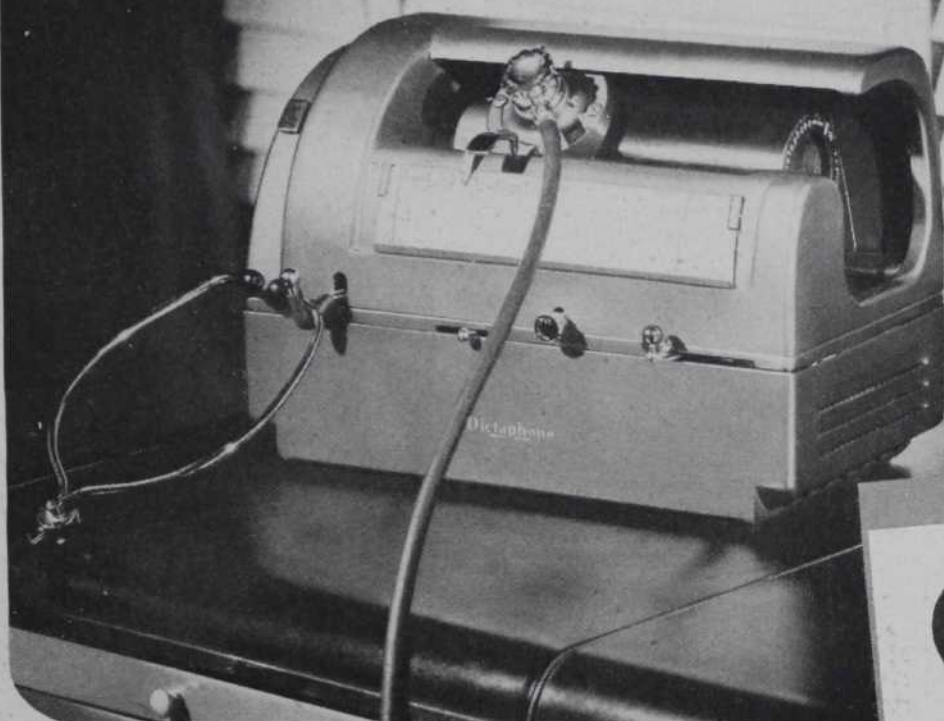
Noted that the Department had tried to arouse public support by means of radio broadcasts which are "so hysterical and melodramatically emotional that we feel it would be dangerous to trust the control of a great industry to any governmental agency which is willing to display such a lack of balance and calm—"

Law Made of Tissue Paper

"THERE is a law," Mr. Brown observed further, "providing for the punishment of any officer or employee of the United States who indulges in actions to influence legislation". It is Title 18, Section 201, of the U. S. Code. It might be noted that there is also a law forbidding government departments to employ press agents except by congressional consent. So the departments hire under-secretaries.

Herbert Corey

And now ... **A NEW DICTAPHONE** *Cameo*
TRANSCRIBING MACHINE
FOR YOUR SECRETARY



IN the new Dictaphone Cameo Transcribing Machine, the Dictaphone Cameo Dictating Machine finds an attractive running mate.

Much smaller and lighter than previous models, the new transcribing unit combines smart modern lines with balanced proportion. It occupies little desk space and is easy to move.

Many new refinements supplement the reliable Dictaphone features which have long been so popular with secretaries. All combine to assure remarkable ease of operation.

Like its companion dictating machine, the Cameo Transcriber is an all-purpose model. It is quickly adaptable for either desk or cabinet use. Dictaphone's famous voice reproduction assures natural clarity and pleasantness of tone at any desired volume.

Let *your* secretary try the new Cameo Transcribing Machine. She can—with no obligation. Just mail the coupon at the right.



WORTHY COMPANION
... THE DICTAPHONE

Cameo
DICTATING MACHINE

Introduction of the Dictaphone Cameo Dictating Machine recently marked a new forward step in design, precision and all around usefulness. Already a host of new users testify to the convenience and usefulness of this modern dictating machine.

NB-4

DICTAPHONE CORPORATION, 420 Lexington Ave., N. Y. C.
 In Canada—Dictaphone Corporation, Ltd.
 86 Richmond Street, West, Toronto

- ☐ Send me additional information about the new Dictaphone Cameo Transcribing Machine.
- ☐ I should like to see and try the new Dictaphone Cameo without obligation.

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Company

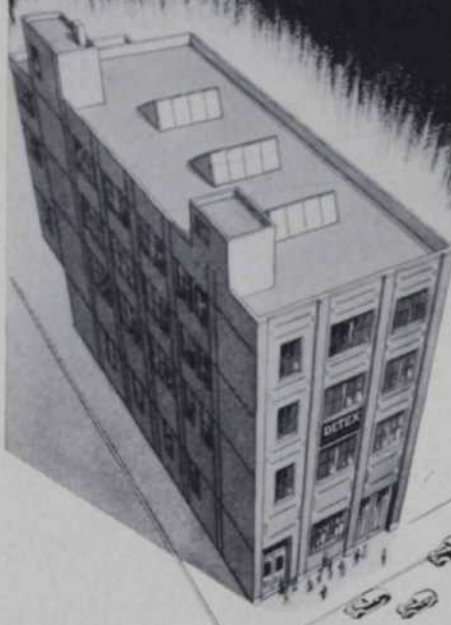
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DICTAPHONE

The word DICTAPHONE is the Registered Trade-Mark of Dictaphone Corporation, Makers of Dictating Machines and Accessories to which said Trade-Mark is Applied.

THE LARGEST PLANT IN THE WORLD DEVOTED EXCLUSIVELY TO THE MANUFACTURE OF

Watchmen's Clocks



● The manufacture of watchmen's clocks requires years of experience as well as a high degree of knowledge and skill—that is why so few of the many manufacturers who over the years have attempted this business survive today.

Because the first watchclock built in this country over fifty years ago was the Newman, one of the Detex line—the Detex Corporation stands as the founder of the watchclock industry.

It is this specialized knowledge that has been responsible for the leadership of Detex in this field.

Today the complete Detex line is made in the largest plant in the world devoted exclusively to the manufacture of watchmen's clocks.

100,000 Detex watchclocks now in nightly use testify to the ability of a Detex clock to serve you. See the Detex agent near you or write direct for further information.



NB-4

DETEX WATCHCLOCK CORPORATION
80 Varick St., N.Y. 4153 Ravenswood Ave., Chicago, Ill.
29 Beach St., Boston, 116 Marietta St., Atlanta, Rm. 800

DETEX

WATCHMEN'S CLOCKS

NEWMAN • ECO • ALERT • PATROL

Government Brakes on Reemployment

(Continued from page 68)

ments in wage rates and working time that the N.R.A. codes applied so unsuccessfully.

What about the Wagner Act as a recovery measure?

According to its declaration of policy, this Act is based on the supposition that inequality of bargaining power between employees and employers tends to cause recurrent business recessions by depressing wage rates and employees' purchasing power, and preventing stabilization of terms of employment within and between industries. The preamble of the Act further asserts that government protection of employees' rights to bargain collectively promotes the flow of commerce.

Unions do not help employment

HOW has this Act affected recovery? Is unionization *per se* an antidote for unemployment? Whatever the benefits to individuals who have kept their jobs and obtained higher earnings as a result of holding union cards, certainly it cannot be denied that the employment records of three major fields of business which have long been highly unionized are anything but impressive.

Unions have been firmly entrenched for many years in the railroads, in construction, and in coal mining. These are three chronically depressed industries, and it is hard to escape the conclusion that union policies have contributed much to their continuing ill health. Wages and terms of employment have indeed been improved for those who retained their jobs. Even so, these industries have been anything but successful in providing new employment opportunities or in absorbing their hundreds of thousands of former employees.

To turn to another phase of the Wagner Act, this law, as everyone knows, includes an express disclaimer against its being so construed as to impede the right to strike. Official spokesmen for the National Labor Relations Board are constantly asserting that strike statistics should not be used as the sole measure of the Wagner Act's efficacy. The strike epidemic of 1937, they contend, occurred at a time when the Wagner Act had hardly had a fair trial. They point with pride to the abrupt decline in strikes in 1938 and try to give the impression that this decline was mainly attributable to the Wagner Act.

But what happened in 1939? Nearly twice as many man days of work were lost because of strikes in 1939 as in 1938. The Department of Labor figures show some 17,500,000 man days lost in 1939 as against 9,000,000 in the previous year. It is entirely true that strikes tend to vary in number and severity directly with changes in the general level of business activity, although in some periods such as the 1920's strikes have diminished while business was expanding. Nevertheless, if the Wagner Act is to receive credit for reducing strikes in

1938, it cannot be consistently argued that it is not at least partially to blame for the increasing prevalence of strikes last year.

Of course the general strike statistics do not tell the whole story. They are likely to be just as misleading as the impressive data that the Board issues to show that all but a small proportion of complaints of Wagner Act violations by employers are settled by its staff without formal hearings or Board orders. Even when they are sure they are innocent, few employers can afford the expense of litigation under this Act. One sample survey showed the average cost of defense in proceedings before the National Labor Relations Board to exceed \$20,000.

The deterrents to reemployment this Act exerts are no less real just because they cannot be accurately measured. In determining whether or not to expand operations, to set up a branch plant, or to introduce a new line, countless business men have had to consider what might happen to them under the Wagner Act. Frequently, the only prudent course has been to do nothing. If a company should decide to set up an additional plant in another state, a labor organization purporting to represent some of its employees might succeed in convincing the Board that the management's motive was to discourage union activity in its original plant. And ever since the Board ruled that the Wagner Act enables it to require a concern to give jobs to members of a national labor organization who had never previously worked for the concern but were refused employment when they applied for it, the routine task of selecting applicants to fill vacancies or entirely new jobs has been fraught with danger.

Furthermore, no one can even estimate the economic losses caused by threatened boycotts and jurisdictional disputes between rival unions which the Wagner Act's requirement for exclusive recognition of majority representatives of employees has intensified. The Board itself has recognized the "unfortunate plight" of the employer caught in the middle in competitive organizing campaigns and forced to violate the Wagner Act as a result of the coercive tactics of a labor union which could and would otherwise force the company to suspend operations. Nevertheless, the Board has ordered companies thus afflicted to obey the law completely even though it meant liquidation of their business.

Still more important has been the loss of managerial control over a company's working force whenever unions are in the picture at all. As every plant superintendent knows, the mere act of disciplining unionized employees for inefficiency, insubordination, or deliberate slowing up of production is likely to result in an accusation of violating the Wagner Act.

Even though there is no ostensible connection, the Wagner Act has pro-

duced complications for employers who have sought to adjust their operations under the Wage-Hour Act in such ways as to provide maximum stability of employment for their own working forces. Among other things, the Wage-Hour Act provides limited exemption from the statutory requirements respecting overtime payments for companies that guarantee a stipulated amount of work or wages for their permanent personnel. But this exemption applies only when the company makes the guarantees through the process of collective bargaining with a labor organization certified as *bona fide* by the National Labor Relations Board.

What happens then if a company wants to guarantee employment but finds that no labor organization represents a majority of its employees? If it undertakes to encourage the development of a labor organization, it violates the Wagner Act, because employer initiation or support of a union is just as much a violation of the Act as is anti-union action.

Many are left out of work

OF COURSE there are other fundamental defects in the Wage-Hour Act as a recovery measure. Minimum wage legislation, although socially desirable when limited to protection of necessitous classes from exploitation by unscrupulous employers, nevertheless invariably has the effect of reducing rather than increasing employment opportunities. It is unfortunate, but true, that thousands of small struggling enterprises cannot afford to pay unskilled employees 30 cents an hour. It is equally unfortunate, but true, that thousands of substandard persons are not worth 30 or 40 cents an hour.

Perhaps only a negligible number of establishments has had to go out of business because of the minimum wage provisions of the Wage-Hour Act. But it is not merely the marginal enterprises that have been adversely affected. Whether organized or unorganized, semi-skilled and skilled employees insist on preserving adequate wage differentials above the minimum rates payable for common labor. Hence the increases in minimum wages required under the Wage-Hour Act may increase labor costs so materially as to diminish employment opportunities.

On their face, the maximum hour provisions of the Act would certainly seem to provide a potent device for increasing employment. In theory, whenever the volume of business increases, employers should automatically add new employees instead of increasing working hours and thus incurring overtime penalties. In practice, the results are quite different.

In many communities, no surplus labor is available for temporary or part-time work in many occupations. In such communities, employers have been obliged to resort to overtime work when their volume has increased. These companies, perforce, have given no additional employment as the result of the application of the Wage-Hour Act. All that has happened has been an increase in their labor costs which, in many in-

They say good things behind our backs



When big buyers of Workmen's Compensation Insurance ask men whom we have served about our record of performance, they hear *good* things about Lumbermens. Because of their positions these men shun publicity . . . but have given this company's agents permission to show originals of their letters to accredited Casualty Insurance buyers.

Dear Sir:

We have written our compensation insurance with Lumbermens for several years and from this experience we are able to answer your questions as follows:

1. We consider the safety engineering service good. It has been regular and men are always available from the Company with which to discuss and solve problems.
2. The engineer on our particular account is a rather elderly man and has had years of experience. We consider him very capable.
3. We have had no complaints whatever from injured employees because of failure to settle claims. I believe you will find them very just and liberal in this respect.
4. In the past we have always participated in dividends, approximating 20 per cent of the total premiums paid.

I might add in closing that we have always shopped for compensation insurance and that not until the last two or three years have we been fully satisfied that no other insurance company can handle the risk as well and at the same cost to us as Lumbermens.

The satisfaction which rings sincerely in every line of this letter is characteristic of Lumbermens relationship with clients. Before you commit yourself to another year's casualty program, call

in a Lumbermens agent. There is little question but what he will be able to show you how you can reduce your costs and still receive better services than you have known.

LUMBERMENS MUTUAL CASUALTY COMPANY

JAMES S. KEMPER, President

MUTUAL INSURANCE BUILDING, CHICAGO, U. S. A.

Operating in New York as (American) Lumbermens Mutual Casualty Company of Illinois

Save with Safety in the "World's Greatest Automobile Mutual"



Deficit Turns to Profit With Change in Financing

THE year ending July 31, 1938, found the management of HALLMARK MILLS* staring at a deficit of \$272,675. With net sales \$5,429,169, this was a discouraging showing.

Though it had at its disposal credit lines from local institutions, the availability of working funds seemed always to be impaired or impeded. So the company decided to take a radical step it had been considering, and change its method of financing.

Flexibility, convenience and promptness of action were the deciding factors in the switch to open account financing. To be able to determine at any given time the amount of cash required, and to get that amount promptly merely by discounting sufficient receivables, looked like the right answer.

The result is best told in figures:

	NET SALES	NET LOSS
Year to July 31, 1938	\$5,429,169	\$272,675
		NET PROFIT
Year to July 31, 1939	\$5,843,473	\$ 91,065
6 Mos. to January 31, 1940	\$3,911,269	\$121,819

And the president says: "... we made no mistake. Using hundreds of thousands of dollars continually, we find the flexibility and the absence of red tape particularly satisfactory. Getting cash as and when we need it operates to keep the cost down and permits using our working capital to capacity".

* * * *

How much of your capital is tied up in receivables . . . in raw materials . . . in finished inventory . . . in bank balances accumulating to meet maturing loans? It *could* be earning profits for you. Write today for our booklet, "Capital at Work", or the brochure, "Comparative Costs of Financing". Address Dept. "NB".

**A fictitious name, but the facts and figures, taken from our records, can be certified.*

COMMERCIAL CREDIT COMPANY

"Non-Notification" Open Account Financing

BALTIMORE

BOSTON NEW YORK CHICAGO SAN FRANCISCO LOS ANGELES PORTLAND, ORE.

CAPITAL AND SURPLUS MORE THAN \$60,000,000

stances, has been sufficiently great to stimulate further mechanization with consequent elimination of marginal workers.

Again, because of confused and contradictory objectives, both the Wage-Hour Act and the Social Security Act have introduced still further obstacles to large-scale reemployment. In most states the employment records of employers for 1940 and subsequent years will be the sole determinant of their future unemployment compensation tax payments. That is to say, state tax rates will vary upward and downward according to the experience of the individual concern. The state unemployment compensation laws have all been enacted in accordance with provisions of the Federal Social Security Act which permit employers to obtain offsets against the federal unemployment tax only if the state laws meet certain requirements set forth in the federal statute.

Penalties for employment

TO BE sure, the experience rating provisions of unemployment compensation laws are intended to create an incentive for stabilizing employment by rewarding companies with low labor turnover and penalizing those with high labor turnover. But the combination of experience rating and penalties for overtime imposed by the Wage-Hour Act presents serious complications to employers.

To illustrate, a company which is able to keep its regular personnel on a full-time 40 hour basis has a chance to obtain a large order for goods which could be produced only by taking on new employees or resorting to overtime. Whatever it does, the company will find itself subjected to heavy expense. If it lengthens its working schedules beyond 42 hours a week, its labor costs for the additional working hours automatically go up 50 per cent. If it hires temporary employees and lays them off after the special order is filled its unemployment compensation taxes for the next year or two may be increased as much as 100 per cent. Faced with this dilemma, management frequently concludes that it will be undesirable to accept any special orders at all. Needless to say, this sort of complication is not conducive to expansion in employment.

Indeed the inherent nature of unemployment compensation systems is such as to intensify the situations they are intended to alleviate. That is not to say that unemployment compensation is uneconomic and unsocial. It is all a matter of proper timing and of proper adjustment of tax rates to anticipated benefit requirements. To the extent that, through unemployment compensation taxes, large reserve funds are built up for use in meeting future contingencies, this automatically reduces the resources of private enterprise available for current use in providing work and wages for a greater number of employees. As a matter of fact, in the 23 states which began to disburse unemployment benefits under their state laws by 1938, nearly \$1,200,000,000 has been collected in taxes and accrued interest, while cum-

ulative benefit payments have been less than \$500,000,000. In other words, more than \$700,000,000 of business resources has been withdrawn from productive channels in these states alone.

As Westbrook Pegler has said, anyone who dissents as to the objectives or methods of social legislation is constantly accused, not merely of being indifferent to misery, but actually of favoring misery. But employers are not in business for the purpose of grinding down the faces of the poor. They are not seeking to thwart social progress when they point to inescapable economic truths. It happens that the three major federal laws that were supposed to contribute so much to reemployment have all come into full operation since 1936. Why is it that, compared to 1936 levels, the 1939 indices for all manufacturing industries have shown declines in volume of production, employment, man hours worked, and value of output? Can there not be some connection between these declines and the repressive effects of federal labor legislation?

Much will be heard in the forthcoming political campaign about the shortcomings of business and the supposed inability of private enterprise to take up the slack in employment and to bring about enduring prosperity. Yet, if the real interests of the nation are to be served, and if the millions of unemployed are to be given a chance to earn a decent livelihood, it would be much more profitable for our public servants—incumbents and aspirants—to reexamine the governmental methods thus far used to facilitate reemployment and to work for the modification or repeal of every statute that is found to be seriously retarding sound economic recovery.

The Cost of Work

ECONOMIC foundation required to support 1,000 man hours of employment in New York City for one union workman now totals \$4,300. It includes land, wages, building supplies, architect, legal and financial fees, as itemized by *News and Opinion*, official organ of New York's Building Trades Employers Association.

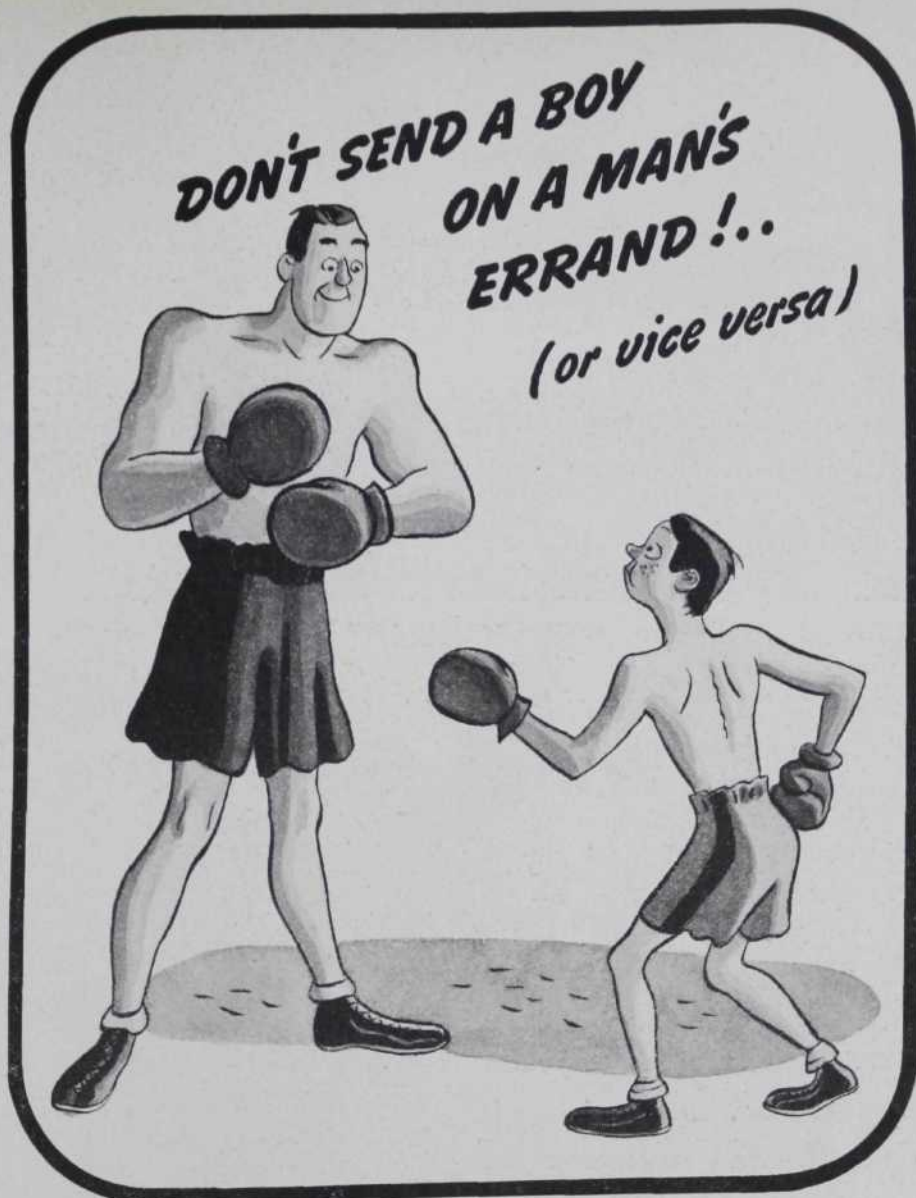
Figure, says *News and Opinion*, is based on an average wage of \$1.50 an hour for skilled and unskilled workers, combined in the proportion required on apartment building, the journeyman's average alone being in excess of \$1.76.

Under a complete six-hour day at \$2.00 an hour for all skilled trades (except those now receiving more) and full union conditions, cost of providing 1,000 man hours of work would be around \$5,000. Under open shop conditions where they exist in New York City, investment is \$3,500 for 1,000 man hours of building work. Thus capital must spend in apartment building in New York:

\$5,000 to provide a mechanic with 1,000 hours at \$2.00 an hour—six-hour day.

\$4,300 to provide mechanic with 1,000 hours at present union conditions.

\$3,500 to provide mechanic with 1,000 hours under open shop where it exists.

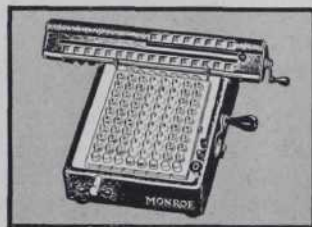


IF you have a figure-work giant, don't put Junior in against him." That seems obvious. But some men are doing this—because they didn't realize that they could get just the right figuring machine exactly made for their needs.

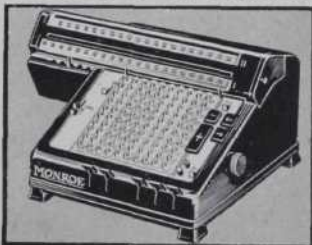
THAT CAN'T HAPPEN WITH MONROE

Monroe has a Junior, yes—Model L, a small, hand operated calculating machine for occasional use. But it also makes 23 other calculating machines, ranging all the way up to the remarkable Model A-1, "master mind" of all automatic calculators in the world. (Also adding-listing, posting, bookkeeping, and check writing machines.)

Ask a Monroe representative in one of our 150 branch offices to analyze your work and suggest *exactly* the figuring machine your business needs.



If your work calls for occasional figuring in your office, at home, on the road, here's the answer: Monroe Calculator (Executive Model). Only 7½ lbs., occupies no more area than a letterhead.



For easing the load of volume figures, Monroe Calculator A-1 has no equal. Completely automatic, with automatic short-cut multiplication—a new and unique time saver in mechanical figuring.

MONROE CALCULATING MACHINE COMPANY, INC. • ORANGE, NEW JERSEY



Ground observers are better for spotting fires, but planes rush men and equipment

Wings Guard the Forests

By O. A. FITZGERALD

ALMOST unknown to the public, a specialized branch of aviation is changing life and customs in the wild mountains of the West

BOUQUETS galore to the airplane for taming the wild western mountains!

Mining camps in Idaho which used to shut down when snows blocked the high passes now keep open all year. Trips to town and back which once took a week on snowshoes can now be made in a few hours by plane.

Planes carrying the insignia of the Johnson brothers, Bob and Dick, two of the West's top mountain fliers, are the guardian angels of several mining camps. They fly from Missoula, Mont., and McCall, Idaho. One winter Bob sky freighted into the Middle Fork of the Salmon River all the equipment needed to establish a mine. Through the skies he carried a hydro-electric plant capable of generating 100 horse power, an air compressor, eight gas engine power plants, two donkey engines weighing, when set up, eight and nine tons, and several thousand feet of pipe, cook stoves, bath tubs, and other items necessary to get the camp going. It all added up to about 150 tons, the largest piece weighing 2,300 pounds.



U. S. FOREST SERVICE

Experiments are being made in dropping fire fighters from planes

One Johnson ship flies to Mackay Bar, in the bottom of the narrow Salmon River gorge where the famous "River of No Return" rips and roars. Precision flying is needed to get in and out of Mackay Bar with a heavily loaded big ship. In the past two winters more than 100,000 pounds of supplies and mining equipment have gone into that narrow canyon by plane.

It is in forest fire fighting, however, that planes have made their greatest bid for lasting fame. Shortly before three P.M. on July 16, 1939, a lookout in Yellowstone National Park reported a fire which had taken an ominous turn. From the Missoula regional office of the U. S. Forest Service came an S.O.S. for all available planes and pilots. The Johnson brothers responded. By 7 o'clock the next morning they had hauled 15,000 pounds of bedding, grub, saws, and other equipment from Missoula to that fire, a flight distance of about 300 miles. The second load was dropped after dark. The fliers got to bed at midnight and rolled out at 2:30. Never in the history of forest fire fighting has there been such speed in giving ground crews all they needed.

Then there was the Smith River fire in Douglas County, Ore., in 1938, which the Portland office of the Forest Service cites as an excellent and typical example of the value of sky freighting in fire control. Eighty tons of supplies were flown to camps 13 miles from a road. Breakable articles were packed in hay, this later



PLASTICS HEADQUARTERS

Meet These Partners of Good Business



Do you ever have an appointment with Mr. Fish...or attend a conference in the marshes when Mr. Mallard is on the wing? Or give a fair share of your time to some other hobby that's lots of fun? Good for you! Such playtimes are worth every bit of the hard work between-times that makes them possible. Isn't it true that moments of well-earned leisure help you to rebuild energy, to relax your mind for new ideas and to recapture buoyant spirits? Chances are you get more done than the chap with the delusion that only long hours and endless effort are necessary to success. Isn't *feeling* like working better than *trying* to work?

* * *

Many kinds of things can make your moments of well-applied leisure bright, friendly and productive. One of them is Budweiser, a companion when you're alone with your family...a Perfect Host when you entertain.

*Live Life...
Every golden minute of it.
Enjoy Budweiser...
Every golden drop of it.*

ANHEUSER-BUSCH
Makers of the World-Famous Beer

Budweiser

TRADE MARK REG. U. S. PAT. OFF.

A Beverage of Moderation

MAKE THIS TEST

DRINK BUDWEISER FOR FIVE DAYS. ON THE SIXTH DAY TRY TO DRINK A SWEET BEER. YOU WILL WANT BUDWEISER'S FLAVOR THEREAFTER.



COPR. 1940 ANHEUSER-BUSCH, INC., ST. LOUIS, MO.

being fed to pack strings. Without planes, the service officially records, it would have been impossible to have supplied and maintained the four camps and 2,000 men needed on this fire. That same year planes flew 112 tons of supplies into remote fire camps in the Siskiyou National Forest in southern Oregon and northern California. Airplane dropping of supplies was figured in the speedy suppression of hundreds of fires in the West in the past few years. One pilot told me last fall he had flown supplies to six different fires the same day.

Airplanes first appeared over the forest about 1920. Army planes were used to make aerial detection flights. Many thought that pilots could do a better job spotting fires than lookouts were doing from their summer homes on the peaks. But the plane never has seriously threatened the lookout's job. It did, however, open new opportunities in sky surveying. A pilot can circle a fire and, better than any

forget celebrating the Fourth and get at least 100 men on that fire. A thoroughly air-minded supervisor knew it would delay operations only an hour or so to sky scout the blaze.

He called Bert Zimmerly, who flies from Lewiston, and by evening they had looked at the blaze from above. A vertical view completely changed the outlook. Instead of 100 men, only ten were needed. The other 90 went ahead and celebrated the Fourth and the Forest Service saved in wages considerably more than the cost of the sky survey.

When, in those early days of sky forestry, planes failed to perform miracles in detecting fires, actually falling behind the ground lookouts in effectively spotting baby blazes, a period of skepticism developed. A handful of men in the Forest Service and in commercial aviation, however, insist-

ed that the plane's real place over the tree tops was yet to be discovered. It came when emphasis shifted from observing to freighting and dropping supplies to forest fire fighters.

In some of the early attempts at dropping food an assortment of cans and packages were placed in a canvas mail bag and kicked out of the plane. Breakage was too high. Then chutes made by splitting wool sacks were tried.

Although crude, these chutes reduced damage appreciably and assured the pioneers in forest flying that the right track had been found. In some regions the burlap chute is still used



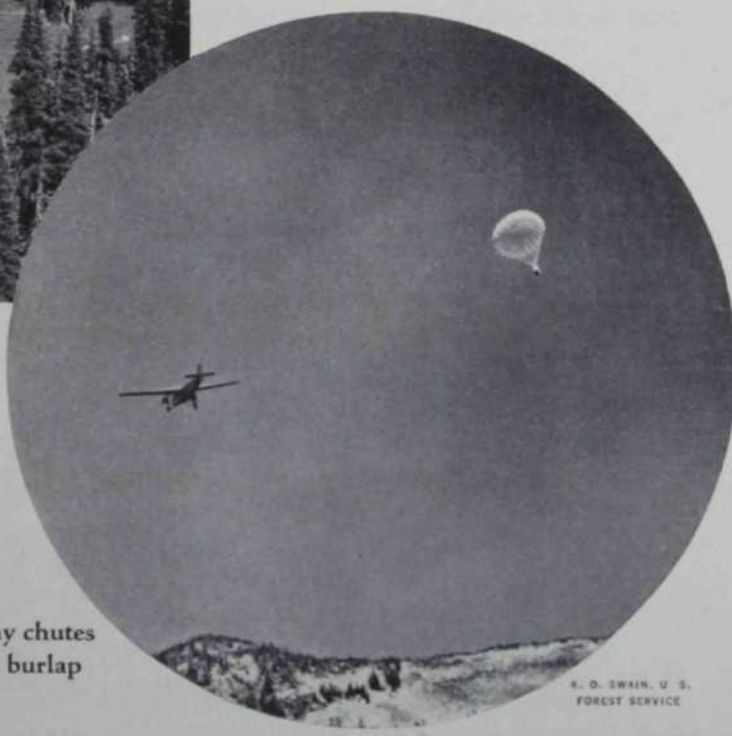
A parachute brings supplies to an isolated spot in the forest. Some chutes dropped earlier hang in trees

ground observer, determine its menace, direction, speed of advance, and the character of the material in which it is burning.

To illustrate how useful aerial observing can be, a fire that looked mighty serious to the lookouts was reported on the Wallowa Forest in eastern Oregon, July 3, 1939. From the ground report it appeared that the Wallowa forest staff would have to



Mines which once had to close when snow came remain open all winter. Fliers bring supplies



Discarded army chutes have replaced burlap

K. D. SWAIN, U. S. FOREST SERVICE

"Air travel costs less than we thought"

SAYS J. H. KRAFT,

Executive Vice President of Kraft-Phenix Cheese Corporation, Chicago

"We used to be under the impression that air travel was expensive, but actual experience tells a much different story.

"On one overnight trip which our men take frequently, some go by train, some by air. Either way, their expenses are approximately the same. For example:



BY RAIL*		BY AIR**	
Round trip fare	\$64.05	Round trip fare	\$80.90
Pullman, round trip	17.70	Hotel at destination	5.50
(Roomette. More for special accommodations)		(including tips)	
Meals on diner		Breakfast	1.25
2 dinners	5.00	Luncheon	1.50
2 breakfasts	2.50	Airport taxi	
Luncheon	1.50	4 trips	4.00
Pullman porter		Total expense	\$93.15
2 tips	1.00		
Station porter			
4 tips	1.00		
Total expense	\$92.75		

*Via fastest first-class train
 **In the air; meals are free; no tips

IT PAYS TO FLY YOUR MEN

WHILE the total expenses of a trip by Air as compared with rail travel may be approximately the same, there are definite *added advantages* in flying your men on business.

When they fly to destination the evening before, they get a full night's sleep in a real bed; the morning routine is not interrupted in any way and they tackle the day fully refreshed. Beyond this, they spend the

second night at home.

The greater the distance, the greater is the economy of flight. 1,000, 1,500, even 2,600-mile trips are made in the sky overnight, thus saving valuable business hours and days that would otherwise be lost on the ground. It really pays to *Fly* your men.

AIR TRANSPORT ASSOCIATION
 135 South LaSalle Street, Chicago, Illinois

This educational campaign is sponsored jointly by the 16 major United States Airlines, and Manufacturers and Suppliers to the Air Transport Industry

FLY

IT PAYS TO

ASK YOUR TRAVEL AGENT: It's easy to buy an air ticket to any place in the United States or the world. Simply phone or call at any Travel Bureau, Hotel Transportation Desk, Telegraph office or local Airline office, for airline schedules and fares.

to drop rugged tools that can take it. Dropping supplies became highly efficient when discarded Army parachutes became available. With them breakage has been negligible.

Commercial lumbering, too, is taking to sky trails.

"I think the most valuable aid of the plane to the logging industry of the Pacific Northwest is in providing a fresh means for timber cruising and more accurate engineering study of topography," says Col. W. B. Greeley, former Chief of the U. S. Forest Service and now secretary-manager of the West Coast Lumbermen's Association. "I have seen aerial photographs so accurate that, with proper reading glasses, you could not only determine the species of trees and size of timber but could count the trees available to a particular machine setting."

Sky pictures are being used in fire fighting. Under the direction of J. B. Yule, trail-blazer in aerial photography at the Missoula regional office, photographers have photographed a fire, developed the film in a special darkroom in the plane and dropped the pictures within 18 minutes. Thus ground experts get a bird's-eye view of the blaze they are fighting almost as quickly as do the men in the plane and without leaving the fire lines.

Map-making is speeded up

THIS year the California region mapped about 3,500 square miles in the Redwood country from the air; last year about 1,500 square miles. Hereafter all major survey work in California forests probably will be done from above. Where ground crews labored all summer to make maps, an aerial camera crew covers the same ground in a few hours. In the Rocky Mountain region all range survey work is being done from sky photos, about a million acres being so covered this past year.

Planes are opening new fields in studying and managing game herds in our forests. Game experts stay in the forests when the herds are concentrated on the limited winter ranges. Typical of this kind of flying, Bert Zimmerly took off from the Lewiston airport one day in February with several hundred pounds of fresh meat, eggs, and groceries—and of course mail—for the Moose Creek ranger station, where game men were watching winter life in the Selway elk herd, one of the largest in the United States.

Dropping the supplies, he dipped low and, with a long wire hook, picked up a bag of outgoing mail.

That job over, he swung south toward the Salmon River to deliver 8,500 pounds of freight, including material for a small suspension bridge, to a snowbound ranch.

If the game managers do not want to stay in all winter they can fly over the winter range, see where the animals are concentrated, how they are doing, and estimate their numbers with remarkable accuracy.

You wouldn't expect to find landing fields in these wild western mountains but, without fanfare, the Forest Service

and the C.C.C. have been turning many likely looking meadows into places where planes can come down. When the first supplies were flown to fires in Idaho in 1931 there was only one mountain field; now there are 26. In the past two years, 30 new mountain landing fields have been provided in western forests. Identification marks are appearing on lookout roofs and at ranger stations. Some day it may be necessary to light some of the key mountain fields.

Odd jobs for fliers

MOUNTAIN fliers draw many jobs. A man who had captured a cougar in the depths of the Salmon River wilderness phoned Fred Zimmerly at Lewiston and asked him to come in and fly the animal out.

Gingerly Fred inquired as to the animal's age and size. He did not relish the thought of a long trip with some of the big cats he had seen. Assured it was only a youngster, he went in for it.

Another call came from a rancher about 100 miles up the Snake River. He had several hundred pounds of turkeys all dressed for the Christmas market. Heavy storms overnight had blocked the roads. There was a field on his ranch where a plane could land. Fred got the turkeys to market on time.

Flying sportsmen into roadless country is a big business with many of these mountain fliers. With so many landing fields now available in the mountains, planes can take you to places where hunting and fishing is what you dream about.

Planes have saved many lives. "We have men working in the most remote parts of our forests," says C. N. Woods, Intermountain Region Forester. "A man in the Idaho Forest was badly crushed by a rock slide, another was seriously hurt by a falling tree, another cut his foot with an axe, another cut his hand, and another was stricken with appendicitis. Planes rushed them to hospitals and doctors."

With forest flying already running into the thousands of hours and with hundreds more being added every year it is significant that this has been accomplished without a major crash and with comparatively few forced landings. Considering the nature of the country over which this flying must be done, the treachery of the air over the canyons, the record is noteworthy and a distinct feather in the cap of this branch of aviation about which little has been heard.

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Dangerous Lady



Innocently she sits — left there by some forgetful "little mother." And in the shadows a visitor may stumble over her.

If this happens — and it's your house — you may be subject to liability for injuries incurred on your premises.

A doll, a loose board, a defective railing — any one of a number of things — may cause a serious accident. But a Residence Liability Policy in Standard of Detroit will protect against resulting damage claims.

The Standard agent or broker can supply proper Liability coverage for home-owners, landlords, tenants, merchants, manufacturers and contractors — as well as protection against automobile accident, burglary, glass breakage, embezzlement, forgery.

STANDARD ACCIDENT INSURANCE COMPANY

Standard Service Satisfies . . . Since 1884

Messenger Girls Trained for Bank



Page girls of the Harris Trust & Savings Bank of Chicago must be high school graduates with creditable records



All of these machine operators began their bank career as page girls



Page girls at the Federal Reserve Bank are assigned to various departments. These are working on teletype machines

CHICAGO banks employ high school girls as messengers and prepare them for possible future in banking world



MORE banks are opening their doors each year to the high school girl graduate and providing themselves with an endless waiting line of potential clerks, adding machine operators, typists, stenographers, bookkeepers, and secretaries. These girls enter the banks without experience, are started as page girls and, put through the various stages of departmental training, evolve—custom-made to the institutions' own patterns for their particular jobs.

Giving over this bottom rung of the ladder to page girls, or sharing it, automatically promotes the boy graduate to the second round or in other ways accelerates his progress. Many begin as outside messengers. This satisfies the youth's restless spirit for action and there is enough responsibility to his job to make it interesting. High school boys of 18 or older, and college young men with evidence of quicker promotion are more satisfied to embark on a bank career. They become good will builders for their employers.

The page girl in most instances enters the bank's employ at the age of 18 or more, must be a high school graduate and

Careers

have performed some outstanding achievement in studies that pertain to bank work.

In some cases, business training such as typing, stenography or accounting is requisite. It is also desired that she be well regarded socially. While there is no test for beauty or charm, her attractiveness has some effect upon a favorable consideration.

The Harris Trust and Savings Bank of Chicago, pioneers in the employment of page girls, wants no geniuses. The personnel director points out that a genius is likely to spend too much time alone and hence is not able to meet the public with sufficient ease; that an overabundance of efficiency in one direction must be compensated for with deficiencies in others. The more evenly balanced, healthy mind that will respond to training is most desired.

This bank's employment ratio stands approximately 45 women to 55 men and where, at one time, all bookkeepers were men, the situation today is just the reverse. From the page post comes most of their help. To find these girls, the personnel director visits the principals of all



Trips are scheduled so that three girls may rest while three others are en route. Rest periods are for ten minutes



Girls assort their pick-ups and file them in sub-stations after each trip



Northern Trust Co. page trained to help customers

Chicago and suburban—particularly suburban—schools, outlines the qualifications desired, and then selects the most desirable from recommended applicants. Approximately 500 are interviewed for each 50 employed.

Each girl is put through the same paces. Her progress depends upon her own responsiveness in performing allotted duties and the economic demand for her services. In recent lean years many high



While waiting calls, these girls place carbons in forms, copy records and do other work to acquaint them with bank procedure

PHOTOS BY MAX KOLIN

**These beauty hints
will boost sales
for any type
of business**



Hint No. 1—Sign your name right in the floor! Or reproduce your trade-mark or special design. It's no trick at all with Armstrong's Linoleum. And the results are all on the profit side, according to the Marie Earle Beauty Salon of Cincinnati, Ohio.



Hint No. 2—Lead customers into your shop, store, or showroom with *guide lines* of Armstrong's Linoleum. Patrons of Hess Brothers, Allentown, Pa., instinctively follow this Armstrong Floor into the store's restaurant. Why not apply this smart sales psychology to your own business?



Hint No. 3—Create a special floor effect that mirrors the personality of your business. It's done here with Armstrong's Plain Linoleum in a striking combination of colors to carry out an Indian Rug motif. The place is the Sylvan Lake Hotel Dining-room, Custer State Park, South Dakota.

MORE BEAUTY HINTS await you if you write for "Better Floors for Better Business," the new color-illustrated book that shows how other types of businesses are dressing up for bigger sales with Armstrong Floors. Sent free (40¢ outside U.S.A.). Armstrong Cork Company, Floor Division, 4004 Coral Street, Lancaster, Pa. (Makers of cork products since 1860)

ARMSTRONG'S LINOLEUM FLOORS

Custom Laid or  Standard Designs

PLAIN • INLAID • EMBOSSED • JASPÉ • CORK TILE • ASPHALT TILE
RUBBER TILE • ARMSTRONG'S LINOWALL and ARMSTRONG'S QUAKER RUGS

school girls whose brothers and sisters boasted an *alma mater* were compelled to forfeit like educational advantages. This produced a deluge of desirable applicants and automatically raised the standard of requirements.

At this bank, the girls begin their duties at a post on the fifth floor. They are trained by a head page. At a signal, three are sent on their separate routes. When all sub-post stations are covered, they return for a ten minute rest, assort their pick-ups, place them in boxes for distribution and start on a second round in the wake of the preceding pages, who left on a signal while the first were resting.

Acquainted with all work

SOON these girls grow to know every person employed in the bank, his or her name, initials, capacity, station. When they graduate into other work, this acquaintance is of tremendous value because it not only saves a great deal of time that would be required to train new help, but cements friendships that in turn build good will.

All page girls are put into uniforms, which consist of one-piece dresses with white collars and dark blue jackets. Two are provided for each page and the girls themselves must keep them clean. Shoes have heels of regulation height and width, as prescribed by a physician. Since constant walking is a large part of their work, this feature is carefully checked.

The wearer is readily identified by her uniform. Another employee need not hesitate to ask a page to perform a duty, and the girl, in turn, knows that the uniform so distinguishes her and that she is subject to an employee's call. Also, a saving for the page is effected by the use of uniforms.

Much wear and tear on her own clothing is eliminated and her salary is thereby extended.

Because this bank believes it is better policy to have a mixed personnel, college girls are also employed, but not in the page girl capacity. It has been found that the college girl, although willing to begin wherever she is requested, cannot become interested in so drab a routine as simply writing down a column of figures. Therefore they begin as typists or stenographers. Experience is all they lack.

They have had business training in college and here are given a chance in the less important stations and are graduated as their work merits and as openings occur.

At other banks of Chicago, requirements for page girls are similar—only high school graduates are eligible. The various departments are fed help from these beginners who are trained within the department.

Each girl is permitted to practice typing, adding machine operation, or whatever particular work she may desire that falls within the bank's instruction courses.

Office boys have not been replaced altogether in the banks, but the present ratio of help stands about 60 to 40 in favor of page girls in one typical bank.

—SHIRLEY WARE

Forty-plus Men Finding Jobs

LITTLE more than a year ago Henry Simler, chairman of National Sales Executives Club, sparked the idea of a club to promote placement of older executives out of jobs. To be eligible, a man had to show previous earnings of at least \$4,000 a year. The idea caught hold first in Boston, then in New York. At year's end, New York club had found jobs for 152 members, had 132 members awaiting call. Only dues required are paid by giving two days a week to job hunting for fellow members. On club time no member plugs his own qualities, but sells abilities of others.

Membership includes five major classifications—finance, production, management, sales and advertising. Rules provide that not more than one-fourth of members may be represented in any one category. Names of new members are put on assignment list of marketing committee. This committee canvasses business houses, seeks openings for qualified members, accents specific advantages of hiring experienced men of seasoned judgment.

Code numbers show records

WHEN suitable vacancies are found, the club members, said Paul S. Lewis, president of the New York club, report on the employer's specifications for the job, the salary or commission in view. All members are listed by code number. The filed code numbers are searched, and those members whose records seem to fit them for the job in question have their experience data placed before the chairmen of the three major club committees: marketing, membership and placement.

All three have to agree that a member is likely to be qualified for the place open.

Sometimes it is found that no member is qualified for a highly specialized position. More often, it was explained, several members are found to be qualified.

Whatever may be the outcome of this search of the files, Mr. Lewis said, the records of men believed suited to the job are placed before the employer who is awaiting them, and a member of the placement committee arranges for the final interviews. No fee is charged to any one—either the employer or the man who gets the job.





Club members who have obtained jobs are called "alumni." Some of the alumni, Mr. Lewis said, have been so enthusiastic about the club that they have contributed to it.

CUT YOUR HAULING COSTS THIS TRIED-AND-PROVED WAY!

• Here's what professional haulers—whose income depends solely on their hauling costs—do to get the most out of every dollar they spend for hauling...



THEY USE THE FRUEHAUF TRUCK-TRAILER METHOD

Just as a horse can  *pull far more than it can carry*
on its back,  *so too, can*
a motor truck, when used as
 *a mechanical horse and*
coupled to a Trailer,  *PULL far more than it can CARRY.*

★ ★ ★ ★

BY ADOPTING this Fruehauf Truck-Trailer method of hauling—as truck users in more than 100 lines of business have already done—you will be certain to save in more ways than one.

YOU SAVE ON FIRST COST

You're sure to save on first cost. A small truck will *pull* as much as a larger, more expensive one will *carry*. So you can safely select the smaller one, add a Fruehauf Trailer and by so doing reduce your first cost by at least one-third.

GAS AND UPKEEP SAVINGS

You'll save on gas—as much as 30%—and you'll save on upkeep because the smaller truck will, of course, cost you less to service.

Since the smaller truck will cost only one-half as much, you'll have a smaller investment to write off and you'll spend less

when you replace the truck. Ten years is the average life of a Fruehauf Trailer, so depreciation write-off each year will be extremely small. Many Fruehauf owners have reduced their total depreciation costs as much as 50%.

ADDITIONAL ADVANTAGES

Like so many others, you may find a "shuttle" operation just the thing to save you still more. By this method, one truck can handle several Fruehauf Trailers. You simply *leave* one or more Trailers to be loaded or unloaded and use the truck to do a full-time job of pulling first one and then another of the Trailers ready to be moved.

GET ALL THE FACTS

"Executive Thinking" is the title of a booklet which contains all the facts about the savings made possible by the Fruehauf Truck-Trailer method of hauling. It is yours upon request.

★ ★ ★ ★

Oldest and Largest Manufacturers of Truck-Trailers
FRUEHAUF TRAILER COMPANY • DETROIT
Sales and Service in Principal Cities



More than 48,000 communities—40% of all those in the United States—depend solely upon motor transportation for hauling service. Without such service, people in these communities would be seriously handicapped.

FRUEHAUF TRAILERS

"Engineered Transportation"
REG. U.S. PAT. OFF.

MORE FRUEHAUF TRAILERS ON THE ROAD THAN ANY OTHER MAKE

No Business Can Escape Change

Nature's new growth in spring
is paralleled by business' con-
tinued new developments

1 • A COMBINATION spot- and floodlight for window and display purposes is smart in design so that it need not be concealed—can be hung from ceiling, on wall or set on floor, and pointed and focussed in any direction.

2 • A NOVEL home convenience combines a low step-ladder, ironing table, bedside table, or high work chair in one piece. It is easily converted from one to the other.

3 • A TYPEWRITING machine for addressing envelopes has a front insertion device that takes pre-stuffed envelopes easily. It is used as an ordinary typewriter when not addressing or writing labels. It has electric carriage return, platen spacing, and capital shift.

4 • FOR finishing floors a new sanding machine is designed to work up to the baseboard, on stairs, or other places the ordinary machine will not touch. It can also be used for re-finishing and polishing furniture. It has a vacuum system to pick up dust and dirt.

5 • A CARBON dioxide fire-fighting unit now made has 50 feet of high-pressure hose and a 50 pound cylinder which is normally stationary but in an emergency can be quickly moved.

6 • FOR lifting heavy packages from sidewalk level to truck bed there is a new rising platform which has a capacity of 1,000 pounds, powered by a one-horsepower electric motor, which takes up relatively little space. It was specially designed for large paper bales.

7 • AN electrical device for detecting moisture in such materials as wood, paper, plaster, insulation, clays, works simply and quickly. It uses pin electrodes and a battery.

8 • A SPARK plug with a new electrode is said to give smoother, more economical performance with particular improvement in efficiency in cold weather.

9 • PRINTERS' INK of a new kind is hardened by cold instead of heat. It is heated and melted in the fountain by circulating hot water and kept warm until the relatively cold paper solidifies it. It is intended to make possible higher press speeds without smearing.

10 • A SYNTHETIC wax of high melting point—about 133 degrees Centigrade—is now available. In some solutions it produces a stable gel. It blends with paraffin, carnauba, and other waxes; is suggested for various polishes and special wax compounds.

11 • PORCELAIN-LIKE finishes are obtained by new organic coatings that will not soften with heat that decomposes ordinary paint films. They are hard, will not chip, flake, or crack and have remarkable flexibility. They are unaffected by mild alkalies and acids and are resistant to most solvents.

12 • A LABORATORY instrument for measuring the rate of flow of gases is made of a strong, chemically resistant glass. It has a hollow stopper with four orifices from one-quarter to two millimeters, either of which may be used by turning the stopper.

13 • A NEW directional microphone is adjustable by a flip of a switch for sensitivity in six different directions. The dead spaces, between areas of sensitivity, may be chosen to obtain control over acoustic conditions.

14 • SHEET METAL can now be used in light structures so that it is under tension and strengthens the frame. Since

the sheets are not drilled or welded, lighter gauges may be used and the whole structure may be easily disassembled and re-assembled.

15 • WELDING various metals is possible by a new method which requires relatively low temperatures. For aluminum metals a heated paste gives metal-to-metal fusion; for other metals a rod is used like solder. It gives a fillet that matches stainless steel, and can be polished, plated, and machined.

16 • FOR trucks there is a combination elevator and end-gate. As an elevator it is operated from a power take-off on the engine. As a gate it can be swung up to close the body and out of the way.

17 • TO hold lamp shades firmly, without grating, on reflectors there are now made small rubber devices that grip the reflector bowl and, in a transverse slot at their tops, hold the reflector wires.



18 • AN ADVANTAGEOUS and economical combination of rubber and leather is available in shoe heels. This toplift has a plastic core which facilitates getting a close joining of the parts of the heel without cement. The sole leather insert can be cut economically.

19 • A FLEXIBLE sheet plastic is now made into refrigerator bags to keep food fresh, prevent drying out, and to prevent refrigerator odor. They are made in convenient sizes, are easily washed with soap and water.

20 • A COMBINATION tea and hot water pot makes tea just the right strength for each person. It has two compartments filled through the same lid but emptied by spouts on opposite sides. Each compartment holds 22 ounces. The pot can be used for other combinations of liquids.

21 • A DUST-PROOFING material for coal which dealers can obtain and use in small lots economically has been developed. It is in the form of lavender-colored dry granules which are mixed with water and applied with simple equipment. Metals are said to be corroded less by it than by ordinary city water.

22 • A NEW floor mat for use behind counters, in laundries, or other wet or oily places has cords on end fabricated into the mat to give a non-skid surface and is made of a synthetic rubber to resist oil.

—W. L. HAMMER

EDITOR'S NOTE—This material is gathered from the many sources to which NATION'S BUSINESS has access and from the flow of business news into our offices in Washington. Further information on any of these items can be had by writing us.

Our 'Reconstructed' Educational System

(Continued from page 28)

Teacher's Guide instructs the teacher to correct him and give the answer, "No."

Let us now examine Rugg's textbooks issued to children. In the volume, "Conquest of America" he speaks of dividing the wealth:

In 1929, there were 27,500,000 families of two or more persons. If \$96,000,000,000 (annual income) had been divided equally among them all, each could have had about \$3,000 . . . every family could have had a fairly good standard of living.

It's as simple as that! With children having been taught such cock-eyed economics as that for the past 15 years, is it surprising that they grow up to believe in such panaceas as the "Ham and Eggs" pension plan?

In his "Introduction to Problems of American Culture," Professor Rugg deals with advertising and the consumer. Use of his familiar technique of the "dramatic episode" draws the fire of Alfred T. Falk, economist of the Advertising Federation of America, who states:

He cites hypothetical cases of fraudulent advertising and unfair practices which are at best extreme and unrepresentative, if not untrue. He has students believe that advertising is mostly dishonest, that it raises prices continuously higher and higher, has a bad effect on the way people live; and implies that it is an economic waste and asks students to consider whether it is necessary.

In the Professor's book "History of American Government and Culture," he repeatedly emphasizes the "classes" in American life, always contrasting the pitiful condition of the "common people" with the life of luxury and frivolity of the "aristocrats," and embellishing the picture with an array of the worst culprits in our history from the realms of business, finance and politics.

The author twits the founders for protecting the rights of minorities, and explains the demand for a centralized form of government as coming from the selfish interests of "speculators and gamblers" in land and public money. He infers that business and banking leaders generally were actuated by similar motives.

He thus drags in the names of Patrick Henry, Benjamin Franklin, Robert Morris and others who, he implies, were possessed of ill-gotten gains.

When we come to the chapter on "Making the Constitution" we feel at last that the inspired work of those who brought forth that immortal charter of freedom will be recognized. But in the entire chapter there is not a single laudatory comment on that historic document. Here is what Rugg does say in summary:

The merchants, landowners, manufacturers, shippers and the bankers were given what they wanted . . .

In Professor Rugg's chapter on "Cul-

DU PONT OFFERS

*A new material
for industry*

NEOPRENE

THE CHEMICAL RUBBER

IT LOOKS like rubber! It feels like rubber! It stretches like rubber! But it doesn't come from trees at all . . . it's made by Du Pont chemists from coal, limestone and salt.

And this neoprene has far greater resistance to aging, oxygen, sunlight, heat, oils, gasoline and corrosive acids or gases.

* * *

In places where rubber and other resilient materials fail, you can use neoprene for greater durability and economy. That's why industry today uses neoprene—from washers and gaskets to conveying belts and dock hose for oil loading.



DU PONT NEOPRENE

THE CHEMICAL RUBBER...MADE FROM COAL, LIMESTONE AND SALT



BELTS FOR SEVERE SERVICE... For such uses as conveying oil-treated coal, power belts in acid atmosphere, etc., made of neoprene to save replacements and high upkeep costs.

In hundreds of plants it is already cutting maintenance costs, speeding production and improving product performance.

Perhaps you should be using neoprene profitably in your plant. You may even have a new product in mind—just waiting for a material like neoprene to lift it off your blueprint onto your production line.

Whether you're executive or foreman, engineer or salesman—you ought to know about neoprene.

Let us send you regularly the free "Neoprene Notebook"—packed with helpful information. Write on your letterhead to Du Pont, Neoprene, Div. 1A, Wilmington, Del.



SAVE MONEY ON YOUR GLOVES... For home, or shop, neoprene gloves stay new much longer. They resist aging, antiseptics, oils, polishes, paints, acids and grease.

WANTED: Technological Unemployment after 5 p. m.



THERE are few secretaries who wouldn't pass up cheerfully the last late chore of the business day—getting out the mail. In most modern offices, the Pitney-Bowes Postage Meter gets the job, and does it better!

Feed a flock of envelopes through a Postage Meter, and they come out as fast as an efficient machine can handle them—with postage *printed* and flaps sealed. A dated postmark and advertising slogan is printed when the stamp is printed; and Metered Mail gets through the postoffice faster because it needn't wait for canceling and postmarking. The Postage Meter saves work and time, and invariably postage; and a stampless office saves worry. Postage in a Meter can't be lost, taken or traded—has no value except on your business mail! The Meter not only provides any stamp value needed for letters or parcel post, but records postage used and postage on hand on always visible dials.

Call our nearest office for a Postage Meter demonstration in yours. There's a model for every business, large or small. And a call now will start a Postage Meter saving for you—soon!

Branches in principal cities • Consult your telephone directory
IN CANADA: The Canadian Postage Meters & Machines Co., Ltd.

The Postage Meter Co.
1307 Pacific St., Stamford, Conn.

PITNEY METERED MAIL BOWES



ture of the Middle West and the North-east" we get a vivid picture of all the vices, weaknesses and eccentricities of early American life, but little or no reference to the sturdy virtues and character of these virile pioneers who were carving a nation out of the wilderness and asking only the help of God. He says:

They were greedy for wealth, for individual power, for freedom. . . . They believed . . . it possible for each individual to achieve any height that his abilities were capable of achieving . . . frontier mothers were wearing themselves out in order to educate their boys; each believed firmly that her son had a chance to be president.

Recommending complete planned economy by government, in his "Problems of American Culture," Rugg intimates that, if this were in effect under scientific students,

The necessities and comforts which our people need could be produced in a 12-hour working week. . . . Poverty could be eliminated from our country. . . .

Teaching political doctrines

HE OUTLINES at length the need for nation-wide planning of the use of the basic resources, agriculture, production of goods and transportation. The difficulty, as he sees it, has been that

national government, state government and local government did not own most of their own enterprises . . . there was no single agency that could plan for the country's needs. . . .

Subtly but surely this implies (to me) that the reason we have not enjoyed the blessings of planned economy is because we believe in the American way of private enterprise—because we did not have state socialism.

In fairness I wish to make it clear that the entire texts of these books are not of the nature described here. Many pages and perhaps whole chapters can be found unobjectionable. But time after time the "dramatic episodes" the author uses so effectively are extreme and calculated to emphasize the worst aspects of our institutions.

Time after time he uses half-truths, partisan references, and an amazing liberty with historical facts, the net effect of which is to undermine the faith of children in the American way of life. The constantly recurring theme is an effort to sell the child the collectivist theory of society.

But what of teachers generally? Do they share these opinions? By no means! Thousands of patriotic teachers have been struggling against such attempts to change basic concepts of our way of life. But it has been an uphill fight.

Those who dissent are labelled "unprogressive," which is about the worst appellation one can give to a conscientious teacher. In this manner many have been forced into line, or at least into silence, for want of support or aggressive leadership. And so this sort of doctrine steadily progresses, perfecting its organization and capturing one educational citadel and teachers' organization after another.



Here's a *Taxpaying Neighbor* of Yours

RAILROADS last year paid 365 millions in taxes—a million dollars for every day in the year.

The important thing to you about these railroad taxes is that they are the same sort of taxes you pay on your home or your farm or business—by far the larger amount is paid to the states, counties and local communities. Every state and almost every county benefits by these payments, which go to support the activities of local government—and thereby help keep your taxes lower than they otherwise would be.

Railroad school-tax money, for example, pays for educating about 1,315,000 children every year. And that is only part of the story. Hundreds of counties depend primarily upon the railroads not only for the support of schools but for the maintenance of courts, law enforcement

agencies and public services of all sorts.

So the ability of the railroads to make a living and pay taxes is important to every other taxpayer.

But there is also another side to the railroad tax story.

Because the larger part of railroad taxes is levied against tracks, stations and other facilities which the railroads provide and maintain at their own expense, these railroad taxes are not like those paid by most other forms of transportation. The major part of the fees and gasoline taxes paid by commercial trucks, for example, is spent for their direct benefit on the highways they use. But no part of what the railroads pay in taxes comes back to them to help keep up the tracks over which they operate.

Furthermore, railroads are actually

taxed to provide and maintain the waterways and highways on which their competitors do business.

All these facts have a definite bearing upon the railroads' ability to make a living. They are something to figure into any program aimed to give the railroads a fair chance to meet other forms of transportation on equal terms.



★ ★ ★ ★
APRIL

"Perfect Shipping Month"

American shippers and consumers are saving millions of dollars a year because of better shipping and handling of goods, as a result of intelligent cooperative efforts by manufacturers, merchandisers and transportation agencies in the campaign for "Perfect Shipping and Careful Handling."

Let's all work—now—on still better shipping habits that will be profitable throughout the year.

Association of **AMERICAN RAILROADS** Washington, D. C.

MEMO . . . for Busy Readers

1 • Farmers on rubber tires 2 • Floods force towns to move 3 • Trade settles its own fights 4 • Credit unions are growing 5 • Railways add autos 6 • A council reports

Most Tractors Rubber Shod

economic research division. Last year's sales added 190,000.

Illinois leads with Iowa second and Texas third. Next in order are Kansas, Minnesota, Ohio, Indiana, Wisconsin, Nebraska, California, New York, Michigan, Pennsylvania and Missouri.

Eight years ago Firestone pioneered use of pneumatic tires for tractors, and other wheeled farm implements. Tractors had been equipped with steel wheels. Now 85 per cent of tractors have rubber tires. Pneumatic tires are also produced for threshers, combines, plows, wagons, sprayers, planters, potato diggers, cultivators, binders, mowers, even wheelbarrows. Many farmers who previously had bought tractors equipped with steel wheels have changed to rubber.

As of the first of this year, 603,350 tractors were on rubber. Total value of tractor and farm implement tires sold from 1933 to February is estimated at \$77,000,000. Market including original equipment, changeovers and replacements, is expected to show total of \$25,000,000 for current year.

Towns Pack Up for New Sites

EXIGENCIES of nature overruled tradition in determination of four towns to seek new sites as escape from floods. Moves are regarded as safeguarding property from damage by high waters, as assurance that community life will not be subjected to seasonal dislocations.

When the citizens of Hill, N.H., voted to move their community to a new location, they followed example set in recent years by citizens of three other communities. Two of the towns—Shawneetown, Ill., and Leavenworth, Ind.—already have moved to higher ground from the sites which, in 1937, were covered by Ohio river flood waters. Greenville, Mo., is the other town. Its present site is part of a St. Francis river flood-control reservoir system.

Action of Hill resulted from decision of federal Government to build dam which will flood present site. Plans for model town were drawn with assistance of New Hampshire state planning and development commission and submitted to citizens.

New Shawneetown is about three

TRACTORS on American farms now total 1,700,000, according to Firestone

miles from old location at confluence of Wabash and Ohio rivers, is oval in design with no part more than three blocks from center. Main street is 100 feet wide; 30-foot parkway separates street from sidewalks. Parking areas are behind stores. Houses not destroyed by flood were moved to new site, and the rest salvaged. Public buildings, for most part, were built anew. Landowners received deeds to plots at new town site purchased by state with \$150,000 supplied by legislature. Old site will become state park.

Leavenworth's 450 residents moved to a bluff high above the old site, flooded 11 times since town was founded. Cost of streets, sidewalks, water and sewer systems, town hall, and other construction is figured at \$125,000.

Many agencies are cooperating in moving Greenville to new site about a mile up the highway. Town must be moved by 1941, when new dam, to hold back waters of the St. Francis from the Missouri river, is scheduled for completion.

Tribunals for Trade Disputes

TO cushion ill effects of trade dislocations grounded in war conditions, American Arbitration Association has established procedure providing for submission of grievances to special tribunals of business men. First step was creation of a board of liaison officers who would look into contract disagreements. Aim is to assure continuance of trade relations while disputes are in course of settlement, to reduce litigation to minimum. Head of new board is C. V. Whitney, chairman of Pan American Airways' directorate.

Background of idea, as revealed by Lucius Eastman, Association's president:

The business man has many problems these days without having to cope with the delays, expense and ill-will engendered by long drawn-out court suits every time a disagreement arises over terms of a contract.

The courts should not be expected to take on the extra burden of commercial litigation brought by the rise in trade controversies growing out of the war in Europe. Likewise, the shift to the Latin-American markets has resulted in numerous disputes between firms new in the ways of Inter-American commercial relations.

During the last war, when American business found itself in a similar situation, there was no alternative to litigation.

tion. Today, however, every business man on the Western Hemisphere has at his disposal the services of more than 7,000 experienced arbitrators willing and able to sit in on trade controversies.

These men serve voluntarily and without compensation, because they firmly believe that few disputes cannot be settled with efficiency and dispatch by an arbitration tribunal meeting in the friendly atmosphere of a conference room.

Arrangements made with the International Chamber of Commerce, the Canadian Chamber of Commerce, the Permanent Court of Arbitration at The Hague and the Manchester Chamber of Commerce have resulted in formation of a complete arbitration service whereby every type of American, inter-American and foreign trade controversy may be settled by arbitrators sitting in this country.

City Employees Pool Thrift

USE of credit unions by municipal employees is on the rise. Of the 8,000 unions now active in United States about 500 are operated by and for city pay roll groups of which firemen, policemen and teachers are typical constituents.

Credit unions may be organized under federal or state laws, are cooperative associations, help members save money, lend it to them at interest not to exceed one per cent a month of amount of loan remaining after each payment.

At end of February, 42 states had enacted credit union laws, Massachusetts passing the first in 1909. Federal credit union act was passed by Congress in 1934. More than 3,000 federally-chartered credit unions have been organized.

New York City employees were among first to form municipal credit union. It was set up in World War period, now is largest in the country, with 24,500 members and assets of more than \$4,000,000.

Credit unions formed by school teachers outnumber other city employee unions, according to Municipal Finance Officers Association. About 170 organized operate under state laws. One of largest is Detroit Teachers Credit Union, with more than 5,000 members and assets totaling more than \$2,000,000. City firemen make up next largest single group, with about 75 credit unions operating under state laws. Pittsburgh Police Credit Union, 1,090 members and assets of \$170,143, and Los Angeles Police Credit Union, organized under federal law, 2,532 members and assets of \$357,666, are among biggest.

Large cities with teacher credit unions include Los Angeles, Chicago, Indianapolis, Kansas City, Mo., Boston, Minneapolis, Poughkeepsie, Fort Worth, and Salt Lake City. Firemen's credit unions: Birmingham, Atlanta, Chicago, Indianapolis, St. Louis, Omaha, Cleveland, and Nashville. Policemen's credit unions: Birmingham, Washington, Indianapolis, Des Moines, New Orleans, Cleveland, Winston-Salem, Nashville, and Madison, Wis.

Other types of employee credit unions include: Los Angeles county surveyors; Miami, Fla., public service employees; New Orleans sewerage and water board

"Unforeseen events . . . need not change and shape the course of man's affairs"



A \$300,000,000 GLASS OF WATER

Someday, in the not too distant future, a resident of New York City will draw from his faucet . . . and drink . . . one of the most expensive glasses of water in all history. It will be the first glass of water from the three hundred million dollar project to increase New York City's water supply by tapping new sources of pure water up in the Catskills.

An aqueduct—65 miles long—is being drilled, up to a 26-foot diameter through solid rock, in some sections nearly a half mile underground. And in the undertaking, a bond-

ing company is playing an important role . . . *by safeguarding taxpayers' money with which the aqueduct is being built.*

For The Maryland has written a great part of the *contract bonds* which the law requires be furnished by the contractors . . . bonds to assure that the job, no matter how difficult, will be done right and on schedule.

The Maryland takes pride in helping make possible such projects in communities all over the United States. Thus is the future built. Maryland Casualty Company, Baltimore.

THE MARYLAND

The Maryland writes more than 60 forms of Casualty Insurance and Surety Bonds. Over 10,000 Maryland agents and brokers are equipped to help you obtain protection against unforeseen events in business, industry and the home.

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"We recognized many years ago that serving an area 3000 miles away was a real problem. Therefore, our lamp factory was first established in this region in 1903 and a little later we built in Oakland an apparatus factory, handling General Electric motors and transformers. "In the operation of our Oakland lamp and electrical apparatus factories, we have found the rail facilities and water connections of the Metropolitan Oakland Area excellent for manufacturers and we also have found the city most cooperative."

E. O. Shreve
Vice-President

GENERAL ELECTRIC COMPANY

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TO SERVE THE WEST...it pays *best* when located in the Metropolitan Oakland Area.

With this Area's "excellent rail facilities"... mainland terminus of three transcontinental railroads...your western plant can save 10 days or more over service from the East.

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Let us prove that this is the logical location for *your* western plant. Ask for *Industrial Booklet*... facts, figures, photographs.

Then, if desired, we will prepare... without cost or obligation... a *Special Survey* covering your particular operation. And we will help you make an *On-the-Ground Study* of western manufacturing and marketing as well as industrial sites.

Write for booklet "The Natural Industrial Center of the West."

METROPOLITAN OAKLAND AREA CALIFORNIA



THE NATURAL INDUSTRIAL CENTER OF THE WEST

★ Alameda, Albany, Berkeley, Emeryville, Hayward, Oakland, Piedmont, San Leandro and the Rural Communities of Alameda County.

Below: Electrical apparatus factory of General Electric Company, NBC station KGO's transmitter is located here.

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employees; St. Paul, Minn., sanitary district employees; and various credit unions covering all municipal employees.

Rails Lengthen Lines by Autos

NEW travel service, joining scheduled speed of trains with automobile transportation will be operated May 1 by eleven Western railroads.

Arrangement in view will place 2,000 current model 5-passenger sedans at service of rail passengers in more than 150 key cities. Management and operation are sponsored by Railway Extension, Inc., and railroads, as follows: Burlington Lines, Chicago and Eastern Illinois, Chicago, Milwaukee, St. Paul & Pacific, Chicago and North Western, Chicago, St. Paul, Minneapolis & Omaha, Great Northern, Illinois Central, Northern Pacific, Rock Island Lines, Santa Fe System Lines, Union Pacific Railroad. Scope of project is indicated by fact that participating roads operate more than 100,000 miles of line.

Railway Extension, Inc., is headed by Edward M. O'Shea and R. H. Rogers of Lincoln, Neb., veteran automobile distributors. Headquarters will be in Chicago, with branch offices in western cities. Plan is to use popular makes of automobiles, to replace units each year with new models.

Idea is that a traveler may reserve automobile before leaving his home town, or after reaching city where he wishes to engage it. Railway Extension representatives would meet passenger upon arrival of his train, when final arrangements would be made.

Base rate for automobiles, which includes gasoline, oil and maintenance as well as insurance protection, is eight cents a mile, subject to following minimum mileages:

Per hour—10 miles (80c)
Per 12-hour day—75 miles (\$6.00)
Per 24-hour day—135 miles (\$10.80)
Per week—350 miles (\$28.00)
Per 24-hour day after 1st week—50 miles (\$4.00)
6½¢ a mile subject to minimum of 1000 miles per week (\$65.00)

Council Idea Shows Results

FIRST annual report of San Francisco Employers Council shows service to 1,637 individual local concerns, employing 56,585 persons in matters affecting labor relations. In addition, Council acted as consultant for employer groups in several other cities, many of which have patterned their program and activities on Council's plan. Membership as of February 1, 1940, included 1,628 individual employers; 887 of whom held membership directly in the Council, and 741 through membership in affiliated associations.

Representative activities include: Negotiation of contracts, adjustment of complaints, arbitrations, counsel and advice, special services, legal services. San Francisco employers and unions are extending uses of research in connection with negotiations and arbitrations. More than 900 employers and employer groups have called on Council's research department. Experience is that many differ-



Above: Mazda Lamp factory of General Electric Company in Oakland.

ences quickly dissolve when the factual rather than emotional approach to labor relations problems is made.

Total of strikes last year in San Francisco was 39. Of these strikes, 12 were confined to waterfront, leaving net of 27 strikes in which uptown industry and business were involved. In only three instances did strikes occur after Council had undertaken negotiation of contracts or settlement of disputes.

Council invites no assumption that number of strikes is necessarily an accurate standard of progress in industrial relations. Says it is obvious that San Francisco would have had no strikes if employers had acceded to all demands of unions. Full compliance would eventually increase costs of production to point where industry could not survive. Willingness of employers to resist rather than yield to unreasonable demands or unfair working rules may, therefore, indicate sounder progress in labor relations than the avoidance of strikes by yielding to unreasonable demands.

Majority of the 225 unions in city have peaceful relations with employers.

Big Budgets for Research

APPROXIMATELY \$215,000,000 was spent on industrial research in 1939 by 2,000 individual American companies, according to Dr. William A. Hamor, associate director of the Mellon Institute of Industrial Research, Pittsburgh. Chemical, petroleum, and electrical laboratories employed nearly half of the 32,000 scientists and engineers engaged in industrial research; 16,000 others served as assistants or clerical workers.

Among the chemical manufacturing concerns making large investigational expenditures last year were E. I. du Pont de Nemours and Company, Wilmington, Del., with research budget totaling \$7,000,000; and the Dow Chemical Company, Midland, Mich., which devoted \$1,400,000 similarly. About 110 individual companies in the field of chemical industry and 40 trade associations are making research grants to educational institutions. Approximately 200 college laboratories are used to a considerable extent for industrial research and commercial testing.

About 250 manufacturing corporations are supporting long range investigations in research foundations. Many companies, mostly small concerns that have no laboratories of their own, or larger companies that encounter few problems or are engaging in research for the first time, are regular or occasional clients of the 250 consulting laboratories now operating.

Automobile industry saved more than \$10,000,000 last year by salvaging waste materials. Associations of American Railroads predicted that annual savings of \$2,000,000 would result from the development of a chemical to inhibit corrosive effects of brine from refrigerator cars on equipment, track, and bridges. California Fruit Growers Exchange reported that its research department had yielded, in 25 years, results that so far have paid more than \$8,000,000 in direct profits to growers, have led to two by-product plants.



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Y7

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Exactly Alike?

Your receivables are your debtors—not just a “row of figures.” No two customers are alike. Every open account has its own distinctive peculiarities. Every shipment of goods to every customer is an individual credit risk.

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covers Manufacturers and Jobbers against credit losses when merchandise is sold under the terms of the policy. That means reimbursement on insolvencies, including reorganization under the Chandler Act, and it means liquidation of past-due accounts.

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OFFICES IN ALL PRINCIPAL CITIES OF UNITED STATES AND CANADA

The Map of the Nation's Business

By FRANK GREENE

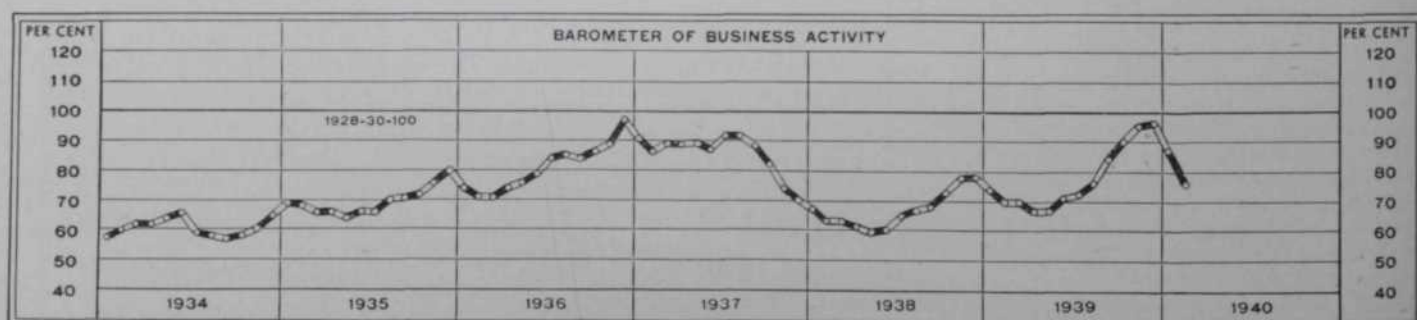
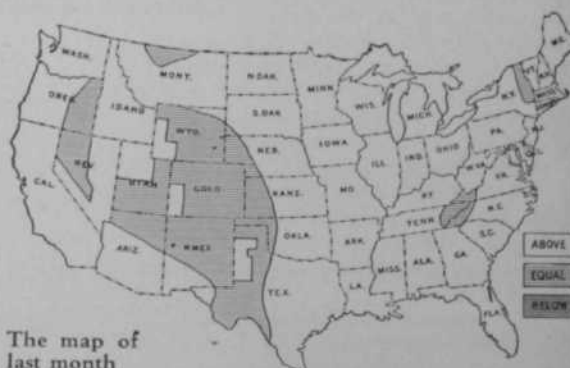


FEBRUARY saw further trade recession but signs of a levelling off were noted at the month's end. Shrinking orders brought steel production down to 66 per cent of capacity. Electricity output also lost ground seasonally but held around ten per cent above last year. Adverse weather retarded building, and contracts for residential construction fell five per cent under a year ago.

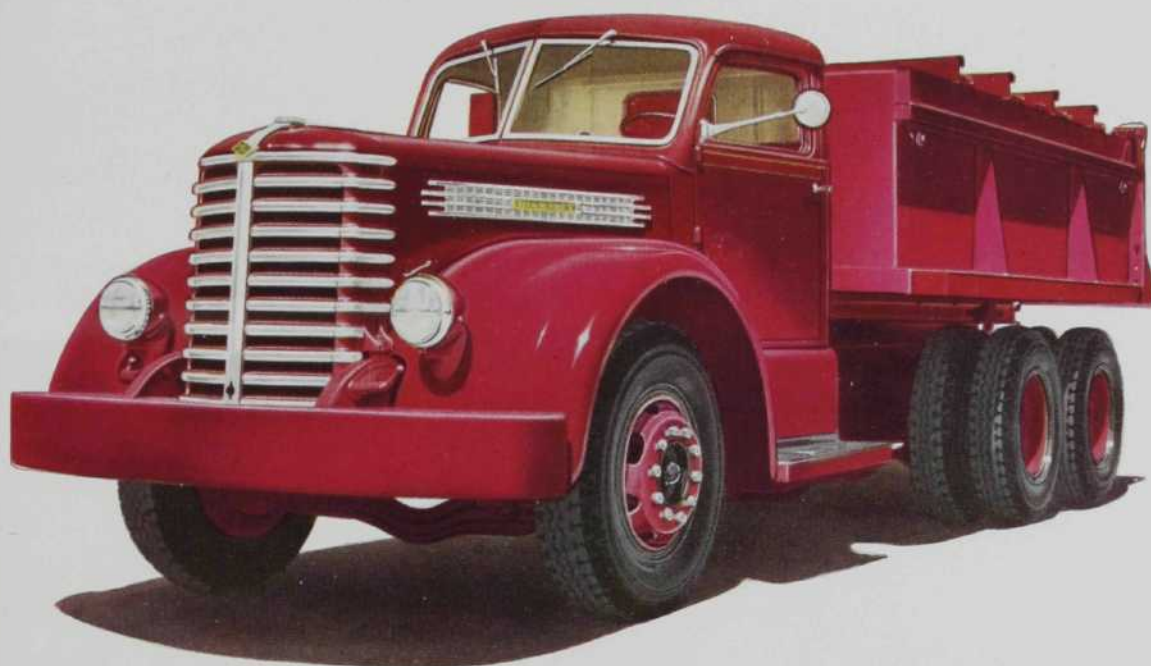
Aside from the activity in machine tools, aircraft, and shipbuilding, automobile production in February was the highest for the month since 1929, while retail sales made the best February showing on record. Merchandise exports reached a peak for the month since 1930. Railroad gross earnings increased moderately above last year, despite more than seasonal decline in carloadings.

Higher wheat prices and heavy copper sales featured otherwise mixed commodity markets. Stock market values fluctuated narrowly with continued low volume. Chain and mail order sales were large but inclement weather hindered department store business.

Stormy weather in February continued to hamper distributive trade in many sections, resulting in slightly more shaded areas in this month's Map



While some evidence of slackening in the rapid downtrend appeared in the latter part of February, industrial production for the month, as a whole, showed a further sharp decline from the December peak



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OR ONE FULL YEAR

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LOOK TO *Lockheed* FOR LEADERSHIP

LOCKHEED AIRCRAFT CORPORATION • BURBANK, CALIFORNIA



The "Sweet Corn Sweetheart" drew attention to Hoopston in center of the Corn Belt

CITIZENS of territory served by the Chicago and Eastern Illinois Railway know their railroad as well as they know their community store keeper, insurance agency, real estate firm or any other local enterprise.

The story behind this close relationship is in the effort of railroad officials to increase traffic by promoting and developing community enterprise. One of the first steps was to arouse all children's natural interest in railroad trains. Students from schools all along the route are taken on 50-mile trips for a 25-cent fare. They are entertained and served with ice cream and cake while on tour and are given complete run of the train so that they may examine all the details of operation. Dining car, mail car and all others are subject to the inquisitive students' investigation and in towns where shops are located, the children are taken on a tour where they may watch repair work.

While the children are becoming enthusiastic over railroad operation, officials seek to win adults' approval by helping them produce and market the products of that area. Coal is one of the principal revenue producers of the C. & E. I.'s territory. To stimulate consumption, the railroad helps to "sell" coal by giving advice on fuel problems to all types of consumers. The road's chief fuel engineer is available for consultation at the company's research bureau and exhibit room where customers may get information on stokers, elimination of smoke and other questions.

As a further aid to industry and agriculture in its territory the railroad's public relations bureau helps to call attention to various products of the area by cooperating with local chambers of commerce in the promotion of tours and celebrations: Coronation of a "Glad Girl" at Momence, Ill., who went to Chicago with her entourage and distributed 1,000 gladioli among the hospitals there is only one example. Roses, peaches, sweet corn and even downstate cotton were handled in similar manner and, as a further aid to farmers, the railroad gives out information on the condition and availability of grain storage space in Chicago district and downstate elevators.

Open House on a Railway System



School children are taken on tours, entertained, fed and permitted to inspect all phases of train operation

PHOTOS BY MAX KOLIN



Consumers are encouraged to consult over coal problems



Chicagoans received a surprise Illinois cotton bouquet from a C. & E. I. engineer

HOW THIS SERVICE MAY HELP YOUR EMPLOYEES TO GET OUT OF DEBT

EMPLOYEES can't do their best work when worried by overdue bills. It's important to you as well as to them that they be able to borrow cash for emergencies. For most workers have at some time unusual expenses—a serious accident or long illness, for instance—which they can't meet out of current income or savings.

Loans for wage earners

Household Finance service makes loans available to wage earners largely on their character and earning ability. At Household responsible workers can obtain cash for emergencies in a simple, private transaction. Neither endorser nor bankable security is needed. No wage assignment is taken.

Borrowers repay their loans in convenient monthly installments which average less than 8% of their monthly income. Thus they can get out of debt without sacrifice of living standards. Below are some typical loans and payment schedules. Each borrower may choose the payment schedule which best fits his monthly budget.

AMOUNT OF CASH LOAN	AMOUNT PAID BACK EACH MONTH Including All Charges				
	2 mos. loan	6 mos. loan	12 mos. loan	16 mos. loan	20 mos. loan
\$ 20	\$ 10.38	\$ 3.63	\$ 1.95		
50	25.94	9.08	4.87		
100	51.88	18.15	9.75	\$ 7.66	\$ 6.41
150	77.82	27.23	14.62	11.49	9.62
200	103.77	36.31	19.50	15.32	12.83
250	129.71	45.39	24.37	19.15	16.04
300	155.65	54.46	29.25	22.98	19.24

Above payments figured at 2½% per month and based on prompt payment are in effect in New York and ten other states. Due to local conditions, rates elsewhere vary slightly.

More from their incomes

To help families avoid unnecessary debt Household also teaches and encourages home money management. Household's booklets on budgeting and better buymanship show limited income families how to get more for their dollars. These practical booklets are now used as texts in hundreds of schools and colleges.

Wouldn't you like to know more about this service for your employees? The coupon will bring detailed information. No obligation!

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Please tell me more about your loan service for wage earners—without obligation.

Name.....

Address.....

City.....State.....

Canada in the War—and Later

(Continued from page 17)

wealth is owned at home. The mortgage in the form of foreign investments is larger but the debt per dollar of wealth is less.

The credits include, above all, a more efficient centralization of monetary and economic planning in the hands of a trained Bank of Canada and Department of Finance personnel.

As for the debits: The national peacetime budget (ex-war) is unbalanced, as are most of the provincial budgets. The government-owned railway has been losing money—plenty of it—and the politicians have been afraid to touch the problem.

Unprepared for war

ON TOP of all this, the country was unready—in the military sense—for war when it came. It was the usual democratic story: tank battalions without tanks; fine pilots with second-line planes; a miniature navy; a militia held together more by the stubborn loyalty of officers and men than by government support.

Canada did not have to start from scratch last September but what it had done to get ready for war was trifling.

A triple task was faced when war came; to prepare in the military sphere; to speed up the supply of the material sinews of war needed by the Allies; to organize a control of the nation's economy that would enable both of these jobs to be done efficiently and without waste, always remembering that the war might go on for a long time.

Varied are the measures of control and direction that have put Canada on a war basis. On paper they look like a lot, what with Exchange Control, Ship Control, Prices and Trade Control, Wool Control, Sugar Control; what with scores of "dollar-a-year" men at work, and all heading up in a central economic planning board.

In actual effect, most of the measures are precautionary. Only a few of them have yet materially affected the daily conduct of business. Canada is a long way from being a totalitarian state. It is still fighting in the democratic way.

Of all the new measures of control, the one most interesting to Americans is Foreign Exchange Control. Since mid-September, it has regulated all transactions in foreign exchange. The American investor cannot turn his Canadian holdings into cash and withdraw the capital from Canada. Exchange control and bans on capital export are an old story now in most of the world. They are new to Canada.

The purpose of exchange control is to preserve Canada's ability to meet her debts, and to conserve the financial strength of Canada for any emergency, for any desperate or unfavorable turn the tide of war may take. Canada did not want her citizens to send their money out of Canada to speculate or invest in neutral markets, such as Wall Street.

It did not want owners of "hot" money to use up foreign exchange that was needed to maintain an uninterrupted payment of interest and dividends to legitimate, long-term investors abroad.

In brief, American "dollars" are precious to Canada now. If they are to be used to buy American goods and to "service" American investors, they must not be wasted. The old "triangular" system of settling balances (selling favorable sterling balances to settle unfavorable dollar balances) may not work in war time.

It delights Canadians that American investors and business weigh the embarrassments of Exchange Control against the security and advantages it gives them.

There is, for instance, the absence of fluctuations in the official exchange rate. It is so much easier to do business when one can calculate the rate in advance. There is the important fact that exchange control steadies American investments in Canada against the evil of any possible panic flight of capital.

Effort has been made to enforce exchange control without interference to normal business. Transactions between U. S. companies and their subsidiaries are largely exempted. Dividends and interest, when earned, as well as insurance and annuities, may be paid without restriction. Any new capital coming in during war time is also exempt and may be freely withdrawn at any time.

The American traveller to Canada is protected. Any money he brings in he may take out again. When he is in Canada, he must be paid the full premium on any dollar he spends. It is a serious offence against the law for any Canadian merchant or hotel keeper not to give an American the full official premium (now ten per cent). If a visitor pays over an American dollar and does not get an extra dime, he has only to report it and the "mounties" will make it hot for someone in Canada.

Profiting from past mistakes

TAXATION policy, too, has been framed to meet war needs. War taxation is already heavier than in 1914-1918; designedly so. The "pay-as-we-go" taxation policy has four purposes: to restrict private consumption of the materials needed in fighting the war; to hold inflationary influences in check; to prevent too much of the new purchasing power from being diverted into the buying of "luxury" goods from abroad; and to bring the country out of the war without a swollen national debt.

The Canadian people have gone into the war with stubborn determination. It is an "all out, national effort." There is no inclination to spare any sacrifice or contribution that may be necessary to achieve the ultimate victory.

We have seen that this means—as war always means—huge expenditures for which there can be no return. We have seen that taxation is being raised



NOW IT'S JONES, MRS. SMITH & CO.

POOOR Jones! In business with his former partner's widow who had inherited her husband's interest. Yes, and we may well say: Poor Mrs. Smith! Drawn into a business situation about which she knows little or nothing. Dependent, for her widow's needs, upon the uncertain earnings of a business impaired by the death of one of its two partners.

But what else was there for Jones or for Mrs. Smith to do? Upon Smith's death, the partnership was automatically terminated, and Jones found himself faced with the problem of keeping the business in existence as a going concern.

But Jones did not have sufficient capital to buy her interest, nor could he find a third party who would be satisfactory as a partner and could finance the acquisition of the Smith interest. The only alternatives left were: to liquidate the business in order to pay off his deceased partner's interests; or to take Mrs. Smith into

partnership as an inactive partner.

However you look at it, the situation was complicated and unfortunate. And the sad part is that it could have been prevented so easily—as such situations are being prevented in thousands of partnerships today.

Adequate Northwestern Mutual Life Insurance on both partners, paid for by both partners, and payable either to the partners individually or to a corporate trustee will provide the money needed at the time it is needed. With such insurance and a properly drawn "buy and sell agreement," the interest of a deceased partner can be acquired quickly and equitably by the surviving partner, who is then free to continue

the business as he wishes.

Such insurance assures both continuity of the business and continuity of control by its active principals, as well as the necessary protection for each partner's family. While the partners are alive, a growing cash reserve is accumulated under the insurance policies—reserve which can be borrowed against in emergencies.

A Northwestern Mutual agent can show you the way in which this "business man's insurance in a business man's company" can safeguard your partnership interests. He comes to you with a practical knowledge of the problems involved and with the broad experience of his company as a guide.



THE NORTHWESTERN MUTUAL
Life Insurance Company, Milwaukee, Wisconsin

In
**EVERY
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*The Job
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**REPUBLIC
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Order
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● Whatever your use for a flexible conductor—whether it's an ordinary or unusual application for hose—you will find a type particularly suited to your needs in the Republic line. This goes further than ability to do each job—it includes built-in resistance to any conditions present tending to deteriorate or destroy the hose . . . complete "operating protection." The degree of success which Republic has achieved in this direction is the real basis for lower maintenance costs . . . greater serviceability . . . of Republic Rubber Hose. **REPUBLIC RUBBER DIVISION OF LEE RUBBER AND TIRE CORPORATION, YOUNGSTOWN, OHIO.**

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HOSE • BELTING • PACKING • MOLDED PRODUCTS

close to the point of individual sacrifice. We have seen that business and private life have been made subject to governmental controls greater than those that prevail in time of peace.

But we have seen that Canadian industry, Canadian agriculture—Canadian production in all fields—has been greatly stimulated. The country is busy creating the wealth to pay its war bills; by putting idle labor to work and by increasing its output of raw materials.

Canada is not going broke in order to play the rôle it thinks it is, by moral duty, bound to play in this war. Canada is seeking to plan its war effort to come out of the struggle strong and efficient.

Fighting on the economic front

CANADA is doing these things as a contribution to what is an economic war.

When the experts speak of an economic war, they do not mean that this is a struggle for economic advantage—for colonies and markets. They mean that the strategy is essentially economic. Each side is seeking victory through the economic strangulation of the other side.

Victory will go to the side that shows the greatest economic sticking power.

The Great War of 1914-1918 was that kind of war, too, but we did not recognize it as such until very late. Germany's U-boat campaign nearly lost the war for the Allies. American resources thrown into the struggle insured the victory, while the American Navy was vital both in blockading Germany and "unblockading" the Allies. Had the economic war not been won, Tommies, doughboys and poilus might have thrown themselves in vain against the Hindenburg line.

If we get that picture of an economic war firmly fixed in our minds we can more easily appreciate Canada's rôle in the present struggle.

Canada has sent a complete division, plus thousands of auxiliary "corps" troops, overseas. It has a second division in training and a third to come.

It is training airmen—thousands of them—for the Allied armies.

Thus is Canada providing manpower, because manpower is needed. But economic strength is needed even more. So Canada is supplying economic strength: wheat, bacon, copper, zinc, lead, shells, airplanes, gun carriages, trucks.

All Canada's economic moves are designed to enable her to make the maximum economic contribution to the Allied cause.

We have seen then that what Canada has been trying to do is to play a man's size rôle in the war; and that her ability to do a really big job in that respect is enhanced by the fact that she is creating new wealth to pay the bills as they are incurred. There is no reason to expect that this will not continue to be the case throughout the war.

If the program succeeds, what may we expect to be the post-war status of American investments in Canada? What will be the consequences of so much taxation, so much control?

Sound planning should preserve those investments. They should be worth just as much as they are worth today.

But equally interesting as a subject

for speculation is what is likely to happen to them in the years after the war. That is the second of the questions we posed at the beginning of the article.

What, in short, lies ahead for Canada? Let us take a candid look.

First, let us consider Canada in a post-war world wherein statesmen are wise enough and people are morally courageous enough to rebuild the foundations of international trade; of a workable world monetary system.

In such a world, Canada's destiny is indeed manifest. In such a world she will fulfil Sir Wilfrid Laurier's promise that "the Twentieth Century belongs to Canada." She will increase in industrial strength. European and British industries will join American branch plants. Canadian raw material resources, Canadian water power and Canadian access to world markets will be a magnet attracting war-weary individualists from overseas.

Industrial growth anticipated

CANADA should in time become the industrial center of the British Empire. Industry is too dangerously concentrated in crowded little England. Immigrants will want to come to Canada. If Canada is wise, she will admit them by the thousands and let her population grow quickly to match her industrial and economic superstructure. American capital is certain to take part in such a period of post-war expansion.

Taxation will be high for some years as the war bills are paid. (But it need not be higher than it will have to be in the United States where there are also some bills to be paid.)

Canada, tempered again in the fires of war, will offer a degree of national unity and political stability that will be a challenge to enterprise and investment.

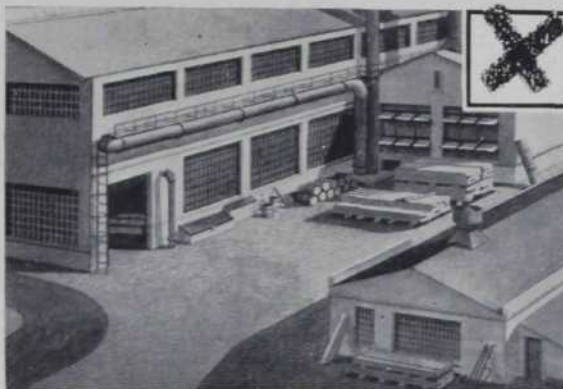
But perhaps the post-war world will not be that kind of world. It may be that extreme economic nationalism will become even more extreme. There may be no free flow of capital across international boundary lines. The world may not succeed in reconstructing its monetary system. Eighteen billions of American gold may not find any productive use for the benefit of all mankind. The war may end in merely an economic truce and not in a settlement.

That is a dark picture. It would be a dark one for Europe; it would be just as dark for the United States. It would be dark indeed for Canada, a nation that has erected its economy upon a basis of world trade and depends for one dollar in three of its national income on exporting to other nations. In such a world, Canada would face painful adjustments.

There we have two extreme alternative pictures of what may be ahead for post-war Canada. In the brighter one, Canada's post-war prospects are most brilliant. In the darker one, they are at least no worse than those of any other nation.

In its wartime economic policies, Canada has steeled itself for the worst. Thus does it insure that it will be able to take full advantage of the best that may come.

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Southern Pacific

Why Salesmen Fall Down

They're not Miracle Men, Can't

Carry Management's Responsibilities

Those who "pass the buck" to salesmen, making them take all the risks, sometimes do so because they lack the proper training and experience to shoulder their fair share of the responsibility.

Successful sales managers of the 1910-1920 period considered that they should be able to do anything they asked their men to do. They were armed with practical experience on the firing line of selling and usually knew the answers to any problem that arose. If one did baffle them, they made full use of their whole organization to solve it, even to designing and improving products. Thus new and better merchandise came into being at the same time that selling was being perfected. The firms with the best engineering and sales forces

of the methods used today. After successful sales programs have been developed, management frequently replaces capable, high-salaried sales managers with bright young men who have had little or no experience, only because they are available at lower salaries. At first, management can take credit for the salary saving shown, but there comes a time when sales drop off and plants are closed. Such saving often proves to be "penny wise and pound foolish."

These young men make heroic efforts to meet their quotas. In the absence of the needed training and experience, they often devise ways and means to shift responsibilities to the more experienced men in the field. In an effort to "save their own scalps," they make rulings that counteract or nullify the work of well established field men. Then the benefit of the training, experience and contacts of these salesmen is soon lost.

I am thinking of one case, typical of many others, where even missionary work is required to hold up sales and keep abreast of competition. In spite of this condition, contracts were drawn for one year and expensive samples sent out to new men with no preliminary training in selling the line. These recruit salesmen had not even seen the company's plant and didn't know the name of a single user of the product in their territories. Their contracts contained the clause, "area on an open basis," and cancellation was to become effective immediately if the commission salesman failed to make his quota for any two-week period.

When this type of sales manager has assigned enough quotas to salesmen to underwrite his own quota he has merely "passed the buck." Compare the security that such a contract offers to a salesman for the expense money he advances and the time he invests with that which a bank will require when making a loan, and you will see why some of the ablest men have been driven out of sales work. This has also kept others from taking up salesmanship as a vocation.

These buck-passing, short-cut methods of sales management only invite failures by men in the field and eventually failure by the company.

No company that is unwilling to assume the risk of investing in sales man power can hope to attract and develop selling talent.

Salesmanship has been well characterized as "the mainspring of business." It has been one of the greatest forces in developing the resources and facilities of our country. But it doesn't perform miracles. Why not give salesmanship a fair



saw their business increasing in proportion to their sales efforts.

Knowing that a thorough knowledge of every detail had been the secret of their success, these managers carefully selected candidates to attend their factory sales schools or for work intended to develop them as salesmen. Recruits in training were advanced to easy assignments as "sales scouts," "bird dogs" or junior salesmen. When they became thoroughly proficient, their responsibilities were gradually increased until they were given regular sales work.

When a new man was placed in charge of a territory, he was introduced by an experienced salesman who worked with him for a spell to be sure he started off on the right foot. The trainer often stayed until representative orders or contracts were closed. This evidence of the value and acceptance of their proposition and the possibilities in the territory were a big aid to the new salesman in going after other business.

Successful sales managers had sufficient confidence in their own judgment and ability to select and train salesmen to justify them in granting exclusive sales contracts. These agreements protected the salesmen's investment in time and money. The prosperity of these men attracted others to the same kind of work.

Compare this thoroughness with some



You learned this
exploring the attic
Remember?

IT was years ago when you scrambled up onto old dirty trunks and lifted off the dust-laden lids of curious old boxes . . . remember? And remember your hands, and that clean new white suit . . . and what your good mother had to say about the dust and dirt that lays like a blanket where little boys are not supposed to go?

Well, little boys are not supposed to go inside the Motor Control in your factory today. In fact, your Motor Control should be so good that even those big boys who work with screwdrivers and pliers are supposed to pass that Motor

Control by for months at a time without ever putting a finger inside it. And just as your mother said, there you will find a blanket of dust . . . dust and dirt in a layer on every horizontal surface.

Now that is very bad if the contacts in your Motor Control are horizontal, for everyone knows dirty contacts mean trouble. Cutler-Hammer engineers solved that problem a long time ago by designing *their* contacts to stand vertical so they can't collect dirt, so they *must* stay clean to work better and last longer. Cutler-Hammer is the one Motor Control

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chance to continue this good work?—
GEORGE A. PAYNE, Sales Analyst, Buffalo, N. Y.

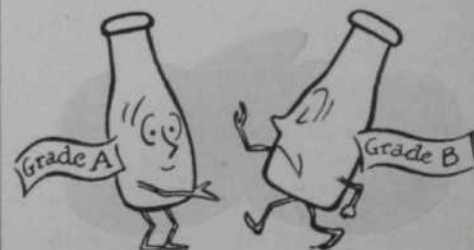
Harper and Brothers has started an innovation in book publishing. Owners of John Gunther's "Inside Europe" may turn in their old copies for a 50-cent allowance on a new edition bringing the author's observations on European power politics up to date since the war started. While



the trade-in allowance is small compared with the liberal valuations on used automobiles and appliances, the idea may have started something in the book publishing world. If it has an influence on that large group of readers who have the money to buy but still consider that a book is something to be borrowed or rented instead of purchased, other publishers will applaud.

No longer are engineers required to sell automatic heating, air conditioning and commercial refrigeration units, General Electric finds. These items have come of age and can now be sold as "package" merchandise in the class with household refrigerators and ranges. This evolution has dictated a change in the G. E. sales set-up. Hereafter salesmen will diversify. Instead of handling one item only, they will push the whole line of automatic heating, air conditioning and refrigeration.

Grade A at Grade B prices is the substance of all the sound and fury in Mayor La Guardia's one-grade milk proposal, say New York dairymen. The Mayor had followed up his one-grade plan with a suggestion that consumers boycott Grade A. With his usual furious vehemence he denounced as "dishonest" and "figure juggling" Borden's figures on costs and profits justifying the price differential.



The two-way catalog with front and rear entrance introduced by Montgomery Ward a year ago has gone into the limbo of ideas tested and found wanting. The double front cover scheme evidently clashed too much with reading custom, and so in its new catalog the company goes back to orthodox paging.

—FRED DEARMOND

Minnesota's Year of Labor Peace

(Continued from page 32)

strike. The intention to institute a strike or lockout must be announced in writing to the other party in the dispute and to the Labor Conciliator. At least ten days must then elapse before the strike or lockout can become effective. As Governor Stassen puts it, "We've seen to it that capital and labor count ten before they start fighting—and they take a day for each count."

In that ten days the Conciliator gets busy. Of course he may be called upon for help before a strike or lockout is actually contemplated. Generally, however, the Conciliator and his assistants swing into action when stoppage of work has really been threatened. Conferences are arranged. The Conciliator or his full-time assistant sits in on as many of them as possible. Special conciliators are appointed when necessary.

Strikes and lockouts delayed

AS A result of these conferences, the Division of Conciliation may make suggestions and recommendations, urge compromises. But the Minnesota Labor Relations Act gives the Conciliator's office no power to force a settlement upon either party. When a strike or lockout is threatened there must be a waiting period to give the Conciliator a chance to help. If his proposals are unsatisfactory the threatened action may take place as planned.

To speed conciliation efforts, the State Conciliator must maintain a list of labor and employer organizations in Minnesota. He must determine, at the request of any of the parties involved, the proper unit of collective bargaining. Craft units must be recognized under the Act, but two or more craft units may associate themselves together for bargaining purposes. The Conciliator must certify proper employee representatives, determined by means of secret elections or otherwise. But no labor organization "dominated, controlled or maintained" by an employer may be certified.

Some threatened strikes or lockouts, obviously, may affect the public much more seriously than others. When the Conciliator believes a projected stoppage of work would "endanger the life, safety, health or well-being of a substantial number of people of any community" he must notify the Governor to that effect. The Governor may then appoint a commission of three persons to investigate the dispute and report upon it. These reports must be made public. If the Governor does name a commission, the Conciliator must immediately notify all parties to the dispute and must tell them the date of his notification of the Governor. There may then be no strike or lockout and no change in the "situation affecting the dispute" until the commission has reported or for 30 days.

In addition to the state service of conciliation, the Minnesota law permits



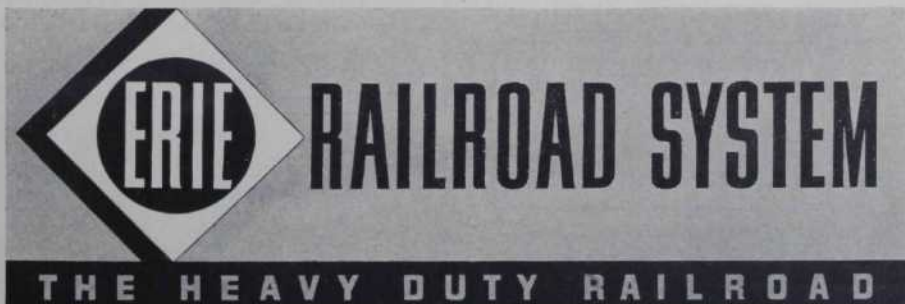
Erie Turns Hours Into Minutes

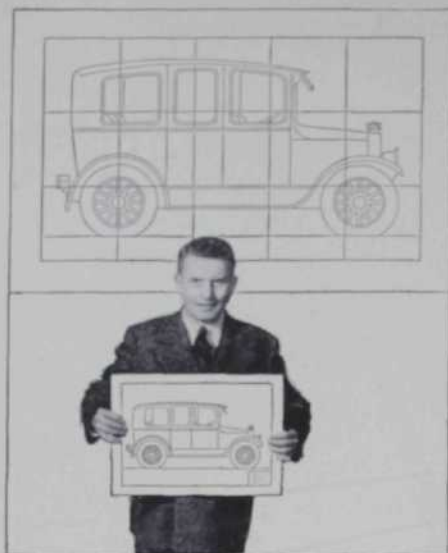
Streamlines Freight Service with Teletype

• A new teletype system—typewriting by wire—now connects principal Erie Yards with the General Offices in New York, Cleveland, and Chicago. Car-by-car train lists of all eastbound and westbound trains leaving principal through-train yards are teletyped to the General Offices following departure of each train to enable them to give you quickly information as to location of cars.

In addition, reports prepared in Cleveland General Office from teletyped train lists are mailed daily (many by air mail) to Erie representatives in 65 cities throughout this country and in Canada so that they, too, can give current information about car movements.

It is another example of progressive improvement in Erie freight service. Erie not only handles cars on schedule but can tell you quickly where the cars are. What formerly took hours is now done in minutes—with teletype.





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arbitration with the written consent of both parties. The Conciliator need not be brought into the arbitration proceedings, although he may act as arbitrator if both parties wish. Or he may appoint arbitrators by mutual request, and designate such persons as a temporary arbitration tribunal. These tribunals may subpoena witnesses and hear competent evidence, excluding hearsay.

But the Minnesota Labor Relations Act isn't just a set of voluntary suggestions. Parts of the law have very definite teeth in them. They're the sections which define unfair labor practices. Unlike the Wagner Act, Minnesota's law recognizes as many unfair labor practices by unions as by employers.

It is an unfair practice—and unlawful—in Minnesota for an employer to institute a lockout except after the notification, conciliating and waiting procedure. It is also unfair and unlawful to discharge a worker for signing a complaint or giving information under the Act, to spy upon labor activity or to blacklist workers. But it is also unfair and illegal for any employee or labor organization to call a strike in violation of the Act's procedure, to conduct a sit-down strike, to picket any place of which the person involved is not an employee unless a majority of pickets are employees, to maintain more than one picket at any entrance to a place of business where no strike is going on, to interfere with motor vehicles belonging to persons not directly involved in a strike or to threaten or coerce any person to join or not to join a

union. These prohibitions place on labor's shoulders some responsibilities similar to those business has long been carrying.

The Minnesota Act names other unfair labor practices which are not specifically termed unlawful. It is unfair for an employee or union to strike or for an employer to lock out if the action violates a valid collective bargaining agreement, if the other side is observing the agreement in good faith. As with other unfair practices, such contract violations may be enjoined in court. Again labor is given a taste of responsibility to which it has often been unaccustomed.

Employers must avoid one further unfair practice. They must not encourage or discourage any union by discrimination in hiring or firing. Both the Minnesota Attorney General and a state court have held, however, that this section does not rule out a closed shop contract entered into with a majority union. The closed shop is legal in Minnesota.

As a matter of fact, no sincere unionist could fairly object to any of the collective bargaining provisions of the Minnesota Labor Relations Act. Workers are guaranteed the right to "form, join or assist" unions, to bargain collectively and to take lawful concerted action. But they shall also "have the right to refrain from any and all such activities." At the same time, employers are given the right to associate together for the purpose of collective bargaining, if they wish.

Employee representatives selected in the proper unit by a majority of work-

Better wages than in boom times



Paul W. Litchfield (center) President, Goodyear Tire & Rubber with C. W. and F. A. Seiberling, co-founders of the company

Mr. Litchfield: "The average annual earnings paid to our factory workers in 1939 were substantially higher than in 1938 and higher than Goodyear employees enjoyed during the boom year of 1929 when the prices were much higher, taxes were much lower and working hours were much longer."

ers become exclusive bargaining agents. But any individual worker or group of workers may present grievances to the boss at any time.

The success of any such law, of course, depends very greatly upon the men who administer it. For State Conciliator, Governor Stassen named Lloyd J. Haney, who was President of the St. Paul Typographical Union. Mr. Haney took office amid a blast of opposition from professional labor extremists who insisted that any violation of their unbridled rights was "slavery." But the Conciliator has gained the confidence of business men and many labor leaders.

Fewer strikes, more employment

BUSINESS is happy, of course, about the surprising reduction in the number of strikes since Minnesota's law was passed. Between the enactment date of the Labor Law and the beginning of this year, the Conciliator received 362 notices of intended strikes or lockouts. But only 20 strikes and two lockouts took place. More than 200 were settled by Mr. Haney and his staff. The rest were worked out by the parties themselves.

Yet, labor, often overzealous of its rights, has not suffered under the Minnesota Act. Governor Stassen points to an increase of union membership under the law, and a drop from 16 to nine per cent in unemployment among State Federation of Labor members. Mr. Haney suggests that labor benefits by replacing wage-eating strikes with conciliation.

"As a result," he says, "the rank and file of labor is giving us greater co-operation in our efforts to maintain industrial peace."

Only a few weeks ago, for example, the Division of Conciliation saved workers, employer and public from a threatened major strike in St. Paul. A coke plant which supplies the city with steam and illuminating gas ran into labor trouble. The C.I.O. union gave notice of a strike, insisting upon a closed shop. The company refused to grant this demand.

Mr. Haney tried to iron out the conflict, but both sides stood firm. It would take time to settle the dispute. Meanwhile a great city might suffer without gas. He notified the Governor. The Governor, deciding the firm was "affected with a public interest," moved to appoint an investigating commission. Meanwhile the Conciliator kept conferring with both sides separately, then met with them together. Before a commission investigation was launched, the dispute was settled with wage increases but no closed shop. Both workers and employer had made concessions. The public had lost nothing of the service which a strike would have crippled.

Two hundred stories something like this one could be told.

Neither business nor labor is completely satisfied with the Minnesota Labor Relations Act, of course. But the average man and woman in the state is pretty well convinced that Minnesota has both feet on the ground and is moving toward labor sanity.

Some people in the Capitol at Washington might make a note of this.

Water Cooling?

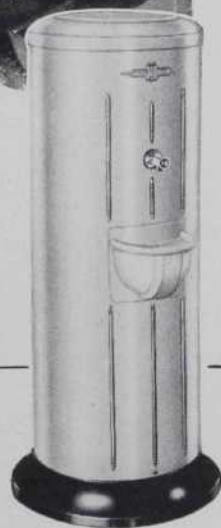
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New Competition for Small Loans

By KENTON R. CRAVENS

THE RAPID GROWTH of "personal loan" and "time sales" departments in banks is a significant indicator of the trend toward adoption of this business which heretofore has been largely neglected by commercial banks. Approximately 50 per cent of all such departments in existence today were opened in the past four years. Less than ten per cent of the present departments existed before 1925.

This entrance into the consumer credit field is based on sound economic reasons. The ever-changing conditions of business, of our national life, of our political economy, has altered the whole earning pattern of banks. The volume of commercial credit has been reduced more than 50 per cent and other credit agencies have absorbed a good part of this particular market. Then too, this is an era of small loans and the profits from this business are helping to offset the lessened volume of big loans. In addition, they help to reduce the cost of doing business and thus contribute toward lower interest rates.

Present day political economy materially induces lower interest rates by helping to maintain a rate consciousness. Moreover, statutory regulation, increased taxation and the demand for greater public service have increased bank operating costs.

These factors make it logical for banks to adjust their methods to the present-day business economy by entering the small loan field by way of time sales financing and personal loans.

Earnings and good will

THIS business can do a great deal more than directly increase bank earnings. It can favorably affect their earning power because of its good will building possibilities. It is a service especially for the small depositor who is the lifeblood of the bank and justifies in his mind the bank's continued existence as a private enterprise. The problem of preserving the element of private enterprise in banks is of paramount importance in the United States today, and consumer credit's contribution to its solution is twofold: it enhances the banks' earning power and creates greater public acceptance.

Since the field of consumer credit is so extensive, this discussion will be limited to credit to individuals repayable on an instalment basis;

amortized personal credit or "personal loans" and to instalment credit for the purchase of durable consumer goods or "time sales financing." This credit has two uses:

First, for goods and services previously consumed and for taxes.

Second, for goods and services to be consumed in the future.

Personal loans are made for goods already consumed. The transaction for goods to be consumed later is made either through direct personal loans or through time sales financing by the seller with the subsequent purchase of such paper by various consumer credit agencies. There will be little differentiation between these two phases in this article.

Many lenders in this field

THIS type of loan business has been handled by various types of agencies during its development as a major financial enterprise. Pawn brokers provided a substantial amount of this credit and still do. Credit unions appeared in the United States almost 50 years ago but, except in Massachusetts, they had little growth until the advent of the present administration. Since then they have expanded tremendously. Unlicensed lenders have substantially decreased because of remedial societies and regulatory small loan legislation. Loan companies have spread rapidly since this legislation and finance companies have literally mushroomed since 1920. Industrial banks have steadily grown in the past three decades. Personal loan and time sales departments of commercial banks appeared in the '20's and have steadily increased in number ever since.

These new credit agencies have come into existence invariably to supply some specific business or consumer need. They extended their activities as they gained in experience. For example, the personal loan companies began to engage in sales financing, directly and indirectly. Sales finance companies began to make personal loans direct and through subsidiaries. Moreover, they entered the large-loan market by financing industrial equipment, buying accounts receivable and by direct term loans. Industrial banks have also expanded their activities to include those of regular commercial banks such as checking accounts, commercial loans, etc. They, too, are financing time



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All right, be skeptical!



Go ahead and give Patapar a terrific soaking—until it ought to fall to pieces. Boil it in water. Freeze it in ice. Smear grease on it. When you have done all this thoroughly and to your satisfaction, smooth it out and note that unlike ordinary papers your Patapar is still firm and strong. Does this suggest an answer to a problem?

Patapar can handle jobs that you'd think impossible for any paper



Protects butter.



Helps keep cheese fresh.



Sanitary tamale wrap.



Wrap for surgical materials that are to be sterilized.

It handles the products of the dairy industry—keeping butter and cheese snug, clean, in its odorless, grease-resisting folds.

It is a great aid and blessing for the meat packer who has many special problems both for his frozen and fresh products with their fats and juices.

It is so white and clean that science calls on Patapar for immaculate services in the hospital and laboratory.

Patapar is made in many sizes, weights and finishes—sheets and rolls. It can be printed beautifully. If you'd like to have sample sheets, just tell us the use for Patapar you have in mind.

Paterson Parchment Paper Company
Bristol, Pennsylvania
West Coast Plant: 340 Bryant St., San Francisco
Branch Offices: New York, Chicago
Headquarters for
Genuine Vegetable Parchment since 1885

Patapar

Vegetable

Parchment

Reg. U. S. Pat. Off. & For. Countries

sales through the purchase of such paper. Even large manufacturers and retailers have expanded their operations to take advantage of the employment of surplus capital in a consumer credit portfolio.

This expansion of services by credit agencies is due, not only to experience and increased capital, but to the increased competition within each particular field.

The net result is a tremendous consumer credit business with from \$3,000,000,000 to \$4,000,000,000 outstanding. Of this total, consumer instalment paper is slightly more than \$2,000,000,000 and personal loan outstandings are slightly more than \$1,000,000,000. The amount of this indebtedness is not actually very dangerous when compared to the national income of between \$60,000,000,000 and \$70,000,000,000.

Best estimates indicate that some 2,000 of the nation's 16,000 commercial banks have distinct personal loan and time sales departments. Some 8,000 other banks are undoubtedly engaged in some form of consumer credit. Exclusive of F.H.A. modernization credit, it is fair to say that the 2,000 banks with separate departments have considerably more than 75 per cent of all the personal loan and time sales paper handled by all of the commercial banks.

Banks' share is one-fifth

IN 1938 banks made personal loans to about 1,500,000 persons. This represented about 20 per cent of all of the personal loan business of the four major credit agencies, personal loan companies, industrial banks, credit unions and commercial banks.

Commercial banks also handled more than 2,000,000 customers who made time-sales loans, or about ten per cent of total time sales volume in the United States. The total outstanding of both types of consumer credit for all commercial banks was somewhere near \$500,000,000. This amount undoubtedly increased tremendously in 1939.

The borrowing characteristics of the people who make up this market vary according to the section of the country and the bank or agency making the loan, but the figures compiled by the Cleveland Trust Company from a sample block of 10,000 personal loans will serve to show what kinds of people are taking advantage of this small loan business.

Of that Cleveland list about 50 per cent were the single name type and 25 per cent were co-maker loans. This differs from the national average which is just the reverse. However, the remaining 25 per cent were secured loans with such collateral as

automobiles, listed stocks and bonds and other types of security which is close to the national average.

The average strictly personal loan was considerably more than \$300. This is well above the national average of about \$200 and no doubt due to the fact that the Cleveland bank's consumer credit operations are highly departmentalized into such divisions as automobile financing, household appliances, modernization of homes and other separate classifications. This departmentalization forces much of the personal loan business into other channels and means that most of the personal loans made by this bank are largely for the payment of goods and services previously consumed. For example, 50 per cent of all the personal loans are to consolidate outstanding indebtedness or, paradoxical as it may seem, to enable people to get out of debt. Ten per cent were for medical purposes; ten per cent for business purposes; ten per cent for taxes and insurance. The remainder covered a wide variety of purposes including education, vacation and advancement, investment and purchases.

Strangely enough, 25 per cent of the borrowers are in the skilled and unskilled labor group. Then follow in order: office workers, proprietors, managers or foremen, salesmen, professional people, government or municipal workers, to make up 64 per cent of the total. The last 11 per cent is composed of executives and service people such as motormen, bus drivers, etc. Almost 40 per cent of the borrowers had an income of more than \$2,400 a year.

About 40 per cent of all the borrowers had never borrowed from any lending agency before. Ten per cent of the remainder have used a finance company, but never borrowed directly. Therefore, 50 per cent of the borrowers in this sample list represent new business as personal loan prospects.

Since more accurate data on banks engaged in this business is available in New York, it is interesting to note that, of all the banks so engaged in that state, only one showed a loss and that was considerably less than one per cent.

Above all other things, consumer credit has proved it is mature and economically sound. It has weathered the severest test of depression years, it has withstood insidious abuses and, in spite of all these and other handicaps, it continues to carry the load—that of being the most important medium of business in the sale of consumer goods. The commercial banks of the United States are the logical credit agencies to extend this type of credit. They are even under obliga-

tion to do so: first, to the small depositor; second, to the small business man; third, to their commercial banking interests, which, to a large extent, depend upon consumer credit.

Most important, they are under obligation to the communities from which they derive their existence.

But maturity is never reached without having its attendant problems. These problems may be different from growing pains, but none the less serious. The plain implication of consumer credit is that it might be overdone.

Problems for bankers

FIRST of all, the banks must take stock of themselves and their facilities before they enter the field or expand in it. Banks engaged in this business should be physically and mentally adapted to provide adequate service in the area in which they are operating and the management should be thoroughly sold on the business so that those operating the department will not be unduly handicapped in striving for successful operation.

Second, it is important that the banks' activities in this business should not unbalance their normal departmental operations. There is considerable danger in having too much or too little in this business. If the banks do a poor job, the result will have an adverse effect on all other banks engaged in the business. The danger of becoming too enthusiastic is just as great because this is not the time for banks to ignore the increasing possibilities of reviving their commercial loan operations.

Third, there is the problem of manpower. The personal loan and time sales business is not unlike any other business in that results will be in proportion to the ability of the people handling it. No business is automatic or foolproof. The field of consumer credit depends upon a highly specialized and mechanized organization and needs executive management with experienced background.

Fourth, a commercial bank should enter this field with the determination to remain permanently. Should commercial loans and other previously profitable banking activities greatly increase, it is possible that some banks may be tempted to look upon this business with less favor. If so, they should remember that the consumer credit field is a permanent and continuous business that cannot be entered or neglected at will. Banks have had a hard time to date explaining why they did not champion the consumer's cause sooner and, if they should revert to former loves because of increasing business activity, they will probably be greeted by an even

"Beauty is as beauty does"



This is the new Ediphone for your desk. It's beautiful. And it does a beautiful job in bringing greater achievement to your business day.

It's wonderful to *talk* your work away... to pour into this 8½"x11" miracle your notes, letters, instructions. Your desk's cleared of papers—your mind of details—you work in peace and so does your secretary. That's Edison Voice Writing—it's beautiful!

Two new streamlined beauties to try—the letterhead-size Ediphone *on* your desk, the cabinet Ediphone (see below) *at* your desk—without obligation. Write Dept. N4, Thomas A. Edison, Inc., West Orange, N.J.—or—Thomas A. Edison of Canada, Ltd., 610 Bay Street, Toronto.

SAY IT TO THE

Ediphone

EDISON VOICEWRITER

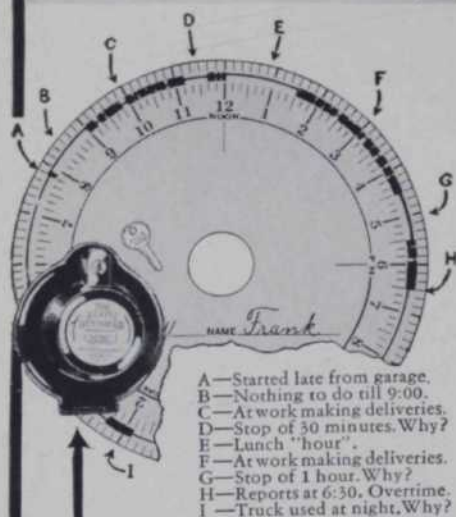


The Cabinet Ediphone

... it's beautiful, too!

A square foot (floor space) of magic! Like the desk model, completely enclosed, dust-proof, compact, smart. With self-closing correspondence and record compartment. See it. Try it.

What's Your Truck Doing All Day?



This Little Device Tells Every Move the Truck Makes

SEE THAT CHART? Those wide heavy marks show just when your motor truck was working, and how long. In between are blank spaces that show idle time. The result is a complete record, in fact a picture of just what your truck did all day and all night.

Save \$500 per truck per year

Motor trucks are expensive to operate. The running time of a truck costs from \$3 to \$5 an hour! That's why delays, avoidable delays, are so costly. Half an hour per day avoidable idle time easily costs you \$500 per year. It's a big loss. That's why over 80,000 trucks are already Servis Recorder equipped.

These delays STARE out at you

When you can actually see these delays, you can stop them—easily. How?

THE SERVIS RECORDER

It's a fascinating story, but too long to tell here. The coupon brings it. Act today; that's none too soon!

THE SERVICE RECORDER CO.
Cleveland, Ohio

Write for it
TODAY!

THE SERVICE RECORDER CO.,
1375 Euclid Ave., Cleveland, Ohio

NB-1

Please send us, without obligation "10 Ways of Getting More Work out of Motor Trucks."

Company

Attention of

Street

City & State

colder shoulder should they again want to court its profit affections.

Fifth, there is a dire need for closer cooperation. There is enough competition between consumer credit agencies without aggravating the situation by compounding internal abuses. This cooperation can manifest itself in mutual research which can result in greater care in advertising, in rates and in terms.

These implications impose the re-

sponsibility of doing a careful job of selling. Hence the public relations problem is more important than ever. The following suggestions are offered to both bankers and business men who use consumer credit as a marketing medium. They are intended to offer a means of approaching the situation with cautious, but sound promotion:

1. Advertise constructively. Encourage borrowing or buying instalment-wise only

A forum for agriculture



Dr. John Black (left) Harvard agricultural economist and Emil Loriks, a South Dakota farmer, compare ideas of farm economics at Des Moines meeting

Four years ago members of the Des Moines, Iowa, Chamber of Commerce determined that they must associate with the producer interests of agriculture. The Chamber's agricultural committee was reorganized on that basis. An active agricultural bureau, headed by a producer-minded farm man, was set up to bridge the chasm between city business men and farmers. The business men humbly went to the farmer asking for education and offering cooperation.

Out of that idea grew an annual, nonpartisan, educational, purely objective Institute, having no ax to grind except that of American agriculture as a whole. There are no officers of the Institute. No entertainment, no singing of community songs and no addresses of welcome. There is no membership and all sessions are open to the public. This year 1,560 farmers, business men, laboring men and interested women from 21 states came to take part in the discussions.

On the same program at this year's National Farm Institute, sitting side-by-side were Phillip Murray of the C.I.O.; Howard Coonley of National Association of Manufacturers; Chester Davis of the Federal Reserve Board; and farm leaders from all the agricultural organizations. Subject of the meeting was "The American Farmer and the European War." No resolutions were passed and no action was taken, but 1,100 registered to receive the printed proceedings and backers of the Institute believe that their organization is one of the most successful yet developed for the purpose of helping agriculture and industry get together for their mutual benefit.

as a form of thrift.

2. Stress the advantages to the borrower. Keep foremost the benefits to the user of this service. Do not allow the profit motive to bulk too heavily.

3. Don't buy the business by advertising cut rates. This method is subject to controversy but this is a period of rate consciousness, so why add fuel to this fire? To render a constructive service, such as amortized credit, there must be enough charge to offset the cost.

4. Don't, via advertising, encourage people to borrow rather than buy. Encouraging people to borrow in order to buy for cash is only contributing more to this age of "chiselry."

5. Do not overadvertise. The social implications make it unwise to do so.

Don't misunderstand the reasons underlying these suggestions of caution. They are not mentioned because there is any fear that this business does not have great profit possibilities. They are given only because reasonable care must be exercised to preserve the great amount of new business. Personal loans are a partial answer at least to the problem of finding more earning power for idle money.

It would be well to give a little thought to the effects of war on this business. Other than slightly jeopardizing unsecured personal loans to single borrowers between the ages of 21 and 31, the effect should be beneficial. This war will increase business activity and, in a rising market, a higher percentage of goods is always sold on time. This, plus the additional volume created by the sale of more goods, greatly increases the potential volume of time sales credit.

The demand for personal loans, the purpose of which is for goods and services previously consumed, will decrease to some extent, and the bank that is not in a position to handle time sales paper cannot hope to gain accordingly.

There is one more thought. In jumping from commercial credit to consumer credit there has been a complete detour around another great field of credit that needs major attention. That field is the small business man who today is compelled to rely on trade credits and extra banking credits and who is only enjoying bank credit to the extent of approximately ten per cent of his total needs.

Why not apply the same principle of consumer credit to this type of credit and, as banks, serve him to a far greater extent? So doing may open up another new and profitable market and eliminate any justification for additional legislation along these lines.

The public and business generally must be convinced by satisfactory performance that banks can serve their needs and persuaded that any doubts they may have as to this ability are groundless.

FOR *QUIETER* *Speedier Figuring...*



... THE NEW STREAMLINED *Underwood Sundstrand* ADDING-FIGURING MACHINE

Underwood Sundstrand, always at the forefront in the adding-figuring machine field, announces a new Portable Electric Model. Streamlined in appearance—streamlined in action. Designed to do your adding-figuring quieter, easier and faster.

May we bring an Underwood Sundstrand Adding-Figuring Machine to your own office to be used on your own work and by your own operator? Just telephone our nearest Branch Office today!

Adding Machine Division . . . UNDERWOOD ELLIOTT FISHER COMPANY . . . Adding Machines . . . Typewriters . . . Accounting Machines, Carbon Paper, Ribbons and other Supplies One Park Avenue, New York, N. Y. Sales and Service Everywhere Underwood Elliott Fisher Speeds the World's Business

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HER EYES ARE ON THE WORK, NOT ON THE KEYBOARD

On the Underwood Sundstrand there are only 10 numeral keys, scientifically arranged to make touch figuring the natural method of operation. The result is increased figuring speed and greater figuring accuracy.

Salty Sermons from a Banker's Desk



A true Scotchman, Macdonnell (left) keeps up on his golf

JAMES S. MACDONNELL, a California banker, is introducing a new technique in bank advertising. As president of the First Trust and Savings Bank of Pasadena, Macdonnell is convinced that a bank and a banker should be heard from more vigorously. Moreover, he has made the discovery, already known to leaders in all other lines of business, that the way to be heard is to advertise. He has become a big space buyer, but his bank is mentioned only in the signature. He will take four columns set in 18 point Cheltenham wide to present "The Rule of Cain," a penetrating little essay which begins:

A sudden piercing cry from Finland; and Freedom is wounded in another spot. What of it? This:—Freedom is one, it is ours and others': something of ours is being done to death. . . .

This conviction that a banker is under obligation to try to sway public opinion by open and above-board methods is no new creed with Macdonnell.

He started buying newspaper space during the first World War in a patriotic effort to promote Liberty Loan sales. Unlike most other bankers who did likewise at that time, he kept on buying space to express his views upon

such extraneous subjects as "Community Independence," "Santa Claus," "Ostrich Neutrality," and the like.

An unusual opportunity to impress his bank's name upon the community by means of a reassuring message for its citizens came with the bank holiday of 1933 and the almost simultaneous Long Beach earthquake. This individualistic Pasadena banker then issued a full-page advertisement in his local papers.

A message of courage

IT consisted of three tightly bunched groups of printing. Set in the upper left hand corner, in Old English type was:

And behold, the Lord passed by, and a great and strong wind rent the mountains, and brake in pieces the rocks before the Lord; but the Lord was not in the wind; and after the wind an earthquake; but the Lord was not in the earthquake; and after the earthquake a fire; but the Lord was not in the fire: and after the fire a still small voice.

Below, on the other side, set in Roman, was:

With firmness in the right, as God gives us to see the light, let us finish the work we are in, to bind up the Nation's wounds.

Nothing else was on the page, except white space and a small signature at the bottom, giving the name of the bank and its president.

Next morning one of the Pasadena institution's directors, his every gesture betraying annoyance at what he regarded as a waste of banking funds, confronted the president.

"Jim," he said, "if you are going to run those fool ads, you might at least put them in good English."

"I've never thought I could improve on the Bible or Abraham Lincoln," answered the financial advertiser.

His advertising copy is old Scotch-Presbyterian doctrine coming out, through heredity, in a child of ministerial ancestors. He has wedded their faith to the modern day in his own creed which is:

Advertising is essentially preaching. . . . The services which banks have to offer are pretty much identical . . . it is not news nor by the same token, advertising. Truth is that people put their faith and their funds into a bank because of what they believe it really is.

That faith made Macdonnell's bank the first and only one in California to let the public know where it stood in the early "Ham-and-Eggs" pension campaign of 1938. Advertisements boldly declared that this bank would have nothing to do with the proposed state warrants.

Hard-bitten realists demand a tangible result of this departure from the traditional forms of bank advertising. A historian, Dr. Max Farrand, one day asked:

"Jim, do those ads get you any results in dollars?"

As an answer to that question, Macdonnell strolled past the desk of the chairman of the bank and was halted by this remark:

We got a fine new account today. New resident from the East deposited \$400,000. He said he read your ad on patriotism, the one you called "Fourth of July," and decided a bank which talked like that was where he wanted to put his money.

A Canadian by birth, Macdonnell was sent to California for his health after starting a career in journalism, following graduation from Queens College, Toronto.

He was for several years parliamentary correspondent for the *Montreal Gazette*.

When he went to California in the early years of this century, he worked as a farm laborer. A fellow Canadian informed him that a Pasadena bank needed a messenger. The former correspondent took the job. Less than 17 years later, he was president of the bank, a position he has held for a quarter of a century. —ROBERT O. FOOTE.

MAN TO MAN in the MONEY MARKETS

By CLIFFORD B. REEVES

Demands for Probe of S.E.C.

NOW that the investigation of the National Labor Relations Board has proved that federal agencies are not omniscient, beyond temptation, or necessarily judicial, there is a growing demand for a congressional inquiry into the affairs of the Securities and Exchange Commission.

This comes, not only from the securities business, but from investors, business men and members of Congress itself.

Many in Congress fear that the vast powers now being concentrated in federal agencies are extremely dangerous and undesirable. The recently introduced Logan-Walter bill, intended to curb the power of federal agencies, is an evidence of this growing fear.

In five years, the S.E.C. has grown into a great octopus that stretches its tentacles into nearly every sizable business. This Commission now administers the Securities Act of 1933, the Securities & Exchange Act of 1934, the Public Utility Holding Company Act of 1935, the Maloney Amendment to the 1934 Act, covering unlisted security dealers, and the Trust Indenture Act of 1939. It also has certain powers and duties under the Bankruptcy Act, and when and if the new bill for regulation of investment trusts passes Congress, the S.E.C. will administer that statute as well.

Under the powers granted it by all this legislation, the S.E.C. now supervises the registration and issuance of virtually all publicly offered corporate securities, which have totalled more than \$15,000,000,000 since 1933. All trust indentures in connection with security issues must also be "qualified" with the S.E.C. The Commission regulates the activities of 20 national securities exchanges and the business of all their members; and supervises the daily trading in the 4,000 security issues listed on those exchanges.

In addition, it regulates the business of 7,000 over-the-counter security firms that are registered with the Commission. It also regulates 51 public utility holding company systems, comprising 1,542 separate utility companies with combined assets of approximately \$14,000,000,000. In the first year of its operation under the Bankruptcy Act, the S.E.C. appeared in 87 different corporate reorganizations.

In short, from the standpoint of concentration of financial power, there has never been anything like the S.E.C. in world history.

Critics of the Commission complain that, like most federal agencies, it acts as both judge and prosecutor, which hardly constitutes the "arm's length" treatment that it insists upon in corporation affairs. There is also growing evidence that the S.E.C. is invading the field of private management by presuming to tell corporations what type of securities they shall issue, as was done in the Consumers Power case.

The Commission's ability to force the bankruptcy of the Associated Gas & Electric System by a ruling that blocked the flow of dividends from subsidiaries provided another example of its power.

Many investors protested at the destruction of security values in what they regarded as an unnecessary bankruptcy action.

There is also wide complaint that the powers granted to the Commission are so broad that, when administered by men unsympathetic to business, they can be greatly extended beyond their intended scope. Rapid changes in the personnel of the Commission have complicated this problem.

There have been four different S.E.C. Chairmen in five years. Business no sooner begins to understand the philosophy and whims of one than another is appointed.

The greatest demand for the investigation of the S.E.C. comes from the sincere belief of many people that the

Commission's policies and activities may well be responsible for the drying up of the flow of new capital into business and industry. Venture capital has been virtually driven out of the economic picture at a time when it is most needed.

There are also bitter complaints about the red tape, needless delay and excessive costs of registering securities.

Although the clearly stated purpose of the Securities & Exchange Act of 1934 was to "prevent sudden and unreasonable fluctuations in security values," markets today are far more volatile than ever before, largely because of S.E.C. restrictions on trading.

Corporations Rush to Finance

THE continued strength in the bond market has led to a new wave of refunding issues, many of which have been at record low yields. In some cases, low coupon refunding issues that were brought out within the past few years have been refunded again into still lower coupons.

Taking advantage of the present high level of the bond market, a number of important corporations have anticipated their requirements by issuing their refunding bonds before their old bonds were callable.

The willingness of such companies to pay double interest during the overlapping period makes many observers think financial officers of such corporations fear that the present level of the bond market may not hold.

In seizing the bull by the horns in this fashion, the corporations in question may simply be following the old financial maxim which says that "the time to finance is when you can." Or it may be that they have been galvanized into immediate action by reports seeping into the financial district from Washington which predict that pandemonium will break loose in Europe this spring, and that "war in earnest" may bring serious shocks in the world's financial markets.

"Semantics" by the S.E.C.

"SEMANTICS" is the art of using words that have a "good" connotation, instead of a "bad" connotation. The phrase "Government debt," for instance, has a bad connotation because people instinctively feel that debt is undesirable. But if you say instead, "social investments by the Government," that is good, because "investments" has a constructive ring, and people like anything that is "social." If this has a slight tinge of the Goebbels' propaganda technique, I'm sorry. I'm not

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Find out more about "America's most talked about chair." See how it can add to your efficiency and comfort. Write, or wire collect, for full details or free trial in your own office.

DOMORE CHAIR COMPANY, INC.
407 FRANKLIN STREET, ELKHART, INDIANA
In Canada: Domore Chair Co. of Can., 250 Bay St., Toronto

DO/MORE

Foreign Trade Trends in Items Affected by Trade Agreements

Write for free copy of this concise analysis of exports and imports under the U. S. tariff bargaining program.

FOREIGN COMMERCE DEPARTMENT
U. S. Chamber of Commerce
Washington, D. C.

advocating this. I'm just trying to explain it, because it seems to be a growing practice in Government these days.

The dictocrats are adept at this new art, having been instructed in the matter by such experts as Stuart Chase, whose confidential memorandum on the subject caused such an uproar some time ago.

We don't have a "dole" in this country as England does. We have "welfare relief."

Another example appears in the recently issued annual report of the S.E.C., which reveals that, in the fiscal year ended June 30, 1939, the Commission issued no less than 1,648 releases to the press.

But there is a law which says that no federal Government agency may maintain a press department. So the S.E.C., again resorting to semantics, refers to these 1,648 documents as "information releases," admitting that they went to the press, among others. The difference apparently is that the "others" have to ask for them specifically, while the press gets them whether it asks or not. "Press agency" is always suspect, but no one could have any objection to "information."

The report, however, gives no inkling as to what it cost the S.E.C., and, ergo, the taxpayers, to keep the public "informed" as to the Commission's activities.

What Exchange Customers Think

A COMPARISON of public opinion polls recently conducted for the Stock Exchange indicates that customers of exchange houses as a group have a much higher opinion of the Exchange and its operation than the general public does. Apparently the more people know about the Exchange, the higher their opinion of it is.

Among customers, 41 per cent maintained that the Exchange was a well run institution, whereas only 16 per cent of the general public believed that.

Among customers, 34 per cent thought there should be less government regulation of exchange affairs, as compared with only five per cent of the general public.

Eleven per cent of the public felt that the Government should take over the Exchange while, among the customer group, less than one per cent advocated such a policy. Of the customer group, 34 per cent thought there was already too much regulation, whereas only five per cent of the public felt that way.

Among customers of the Exchange, only seven per cent of those interviewed regarded the business stand-

General Foods Declares Preferred Dividend

Directors of General Foods Corporation, at a meeting held March 20, 1940, declared a quarterly dividend of \$1.12½ a share on the 150,000 outstanding shares of the company's \$4.50 Cumulative Preferred Stock. The dividend is payable May 1, 1940, to holders of record April 10, 1940.

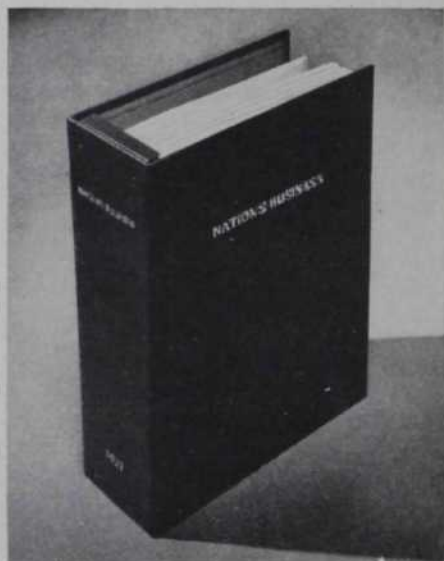
* * *

Among the products of General Foods are:
Maxwell House Coffee—Jell-O—Post Toasties—Grape-Nuts—Grape-Nuts Flakes—Postum—Post's 40% Bran Flakes—Whole Bran Shreds—Huskies—Baker's Premium Choco'ste—Baker's Cocoa—Swans Down Cake Flour—Diamond Crystal Salt—Calumet Baking Powder—Baker's Coconut—Sanka Coffee—Kaffee Hag Coffee—Minute Tapioca—Log Cabin Syrup—Certo—La France—Satina—Birds Eye Frosted Foods.

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GENERAL FOODS

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You can get a

BINDER

for your copies of
NATION'S BUSINESS
for only \$1

AN inexpensive way to bind your copies of NATION'S BUSINESS. This binder is strong, practical and simple to use. No punching or marring of the magazine is necessary. A click and the copy is in. Any issue can be removed without disturbing the other copies. Holds twelve issues. Send your order today to NATION'S BUSINESS, Washington, D. C.

ards of brokers as below that of business men generally, while more than 30 per cent felt that business ethics in the Stock Exchange business were better than the general business standard.

Less than 25 per cent of the customers interviewed said they had ever had cause for complaint in their dealings with Stock Exchange firms, and 55 per cent had no serious criticism to offer of the Exchange or its member firms.

Forty-three per cent of the customers said that they would welcome greater marketability, and 30 per cent stated that existing government regulation had reduced their activity in buying and selling securities.

Liquidation by the British

THE stock market registered no more than a tremor when the British Government announced that it had requisitioned the holdings of its citizens in 60 different issues of American stocks, and earmarked them for liquidation. The holders will be given the recent market value in British currency so that, when the shares are liquidated, the British Government will hold American cash balances that can be used to buy war materials here. The British holdings in the 60 stocks recently designated are valued at more than \$50,000,000.

British authorities have indicated that they have no intention of "dumping" such holdings on the market. Britain has nearly \$750,000,000 in American securities that it hopes ultimately to liquidate.

Any "dumping" might break the general level of the market thus defeating the British purpose, which is to realize as much as possible on all her holdings.

Any depressing effect that such liquidation might have on the American economy should be offset by the fact that all of the funds realized will be used to buy American goods.

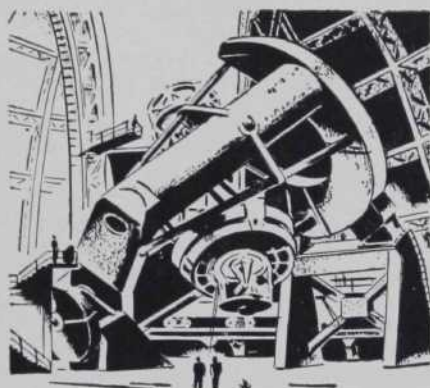
New Capital Declines Again

STATISTICS recently issued by the Securities & Exchange Commission show that American corporations received \$1,447,415,000 of net proceeds from the sale of new security issues in 1939. But of this amount only \$200,211,000, or less than 14 per cent, was for new capital purposes. In 1938, more than 26 per cent of the total proceeds of new financing represented new capital. These figures make it evident that new capital is simply not flowing into industry, and that the trend in that respect is growing worse and not better.

CHAMPION

of Star-Gazers

by Westinghouse



• *They're building an eight-story telescope out at Mt. Palomar in California. Its mirror, as you probably know, is 200 inches across... weighs 20 tons.*

This gigantic optical device has a seeing distance, in miles, of — well, put down a 6 followed by 21 cyphers. For handy use the astronomers call that distance one billion light years.

• *But a telescope is a great deal more than a huge mirror. Twice the size of any existing telescope this one required a mounting of entirely new design, which cast previous experience into the discard.*

• *Consider the fantastic requirements: 500 tons of steel put together to tolerances as close as two one-millionths of an inch—so rigid its 75 feet of length will not deflect more than seven hundredths of an inch—so flexible it can throw off an earthquake shock—so mobile it can be moved by the force of your breath. That is what it takes for the mounting of this telescope.*

• *And of the few concerns having resources of men, plant and equipment even to think of such an undertaking, the Westinghouse Plant at South Philadelphia was*

given the nod—and went to work.

• *It was pioneering of the highest order—practical science guiding meticulous skill in a project with six million dollars at stake. Many of the problems were utterly unique. For instance, the midday sun, beaming through skylights, could expand a 154-ton bearing enough to upset fine calculations, so a monstrous "sunbonnet" had to be devised to shade the mounting during construction.*

• *When ready for use this mounting will provide three observation points within its structure—one will have an automatically self-leveling floor and spectrograph table, on ball bearings. A fourth observation point beneath the floor will be air conditioned and temperature-regulated.*

• *And this entire 500-tons of mobile structure will actually be floated on oil, requiring only 1/650,000 of a horsepower to sweep it across the skies—one flea-power. We make small motors, but not that small, so a one-half horsepower motor will furnish the power.*

• *This has been a thrilling task, even for a plant capable of turning out annually a million horsepower in turbines. The inconceivable exactions of the job, the mad combination of gigantic mass with split-hair precision, imposed no unusual demands, for our own products regularly called for just such extremes of size and accuracy. We feel an inward satisfaction in the knowledge that Westinghouse standards generously encompass the decimal-to-six-points accuracy required by this champion of star-gazers.*



Ever Read a Five-Dollar Word?

You paid a quarter for this magazine. For that quarter the editors give you a dozen articles on general business subjects.

Besides these, they give you a quick but penetrating look at Wall Street in "Man to Man in the Money Markets"; a thorough analysis of business conditions in "The Map of the Nation's Business"; an informal view of Washington through Herbert Corey's readable paragraphs; a score of tips on new products and services through "No Business Can Escape Change."

Then, 80 advertisers have bought an opportunity to tell you about new products, new ways to cut costs, new methods of doing business more profitably.

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NATION'S BUSINESS

going to 340,000 men—the largest group of business buyers in America



Do Not Allow Success to Go to Your Head

(Continued from page 26)

labor and executives for the business when they grow up.

Sewell Avery of Chicago, noted capitalist, has been famous for more than 30 years as a builder and salvager of big businesses. He has always reversed the ordinary reaction to success. Long ago he noted that the foundations of all substantial and enduring fortunes are laid in times of depression. When business is booming, accordingly, he conserves his assets.

Working for bigger success

EVERY'S most recent achievement was the rehabilitation of the great mail order house of Montgomery Ward. This has been widely publicized.

Less spectacular but far more illustrative of the point is the story of U. S. Gypsum, which he put together nearly four decades ago.

Already a dominating factor in the building material field when the Coolidge boom was on, Gypsum was in better position to expand than most of its competitors. Instead it started to tighten its belt in 1926. Many of its plants were operating overtime. Material prices were rising. Construction of all kinds was going full blast all over the country, and demand was increasing.

Gypsum took its share of the business, but refused to follow the lead of competitors. Many of them joined in the mad scramble to expand. At high speed and rising costs they piled their profits into newer and bigger plants. Avery held his breath until after the bottom began to drop out of the building boom in 1928.

Ever since then Gypsum has been picking up bargains.

It has made increasing profits all through the lean years, and at the same time has added scores of new plants and products to its lines.

The rule holds as good in politics as it does in business. Martin Lomasney, political boss, held his Boston organization intact for a quarter of a century against all sorts of opposition. He did it by regarding each succeeding victory as the starting point for the next. When the ballots were counted and his lieutenants celebrated, Lomasney started planning the next campaign. Chiefly he studied his own mistakes and the moves made by his opponents in such divisions as they had carried, or where the minority was strong.

Small successes can add up

EVEN in highly specialized pursuits, the big rewards and the big achievements are built on smaller ones that only looked big at the time, and that didn't go to the heads of their holders. I am thinking of Edward Payson Weston. At 84 he walked me ragged while demonstrating the easy way to walk long distances. He was less than 40 when he became famous as the first man to walk from the Atlantic to the Pacific. He was 76 when he cut his previous record almost in half. After beating all competitors he began really to study the simple art of walking, to find that the thing he had to beat was his own mistakes.

"Retiring to rusticate on one's laurels," says E. J. Kulas, Cleveland steel magnate, "is really retiring to rust. A good

Brother, we've tried 'em all!



ARTHUR O'NEILL

C. Donald Dallas, President
Revere Copper and Brass,
Inc.

"Our taxes have more than doubled in six years, yet at the same time we have doubled the whole national debt. . . . We have raised wages, shortened hours and have collective bargaining, but we still have 10,000,000 unemployed and industry, consumer and workman are suffering from more strikes than ever. We have spent \$40,000,000,000 and what problems have been solved?"

NEW YORK LIFE

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51 Madison Avenue, New York, N. Y.

ALFRED L. AIKEN
President

95th Annual Statement

A BRIEF DIGEST... DECEMBER 31, 1939

Paid to Policyholders and Beneficiaries in 1939	\$210,625,618
<i>Increase of \$9,130,681 over 1938</i>	
Total of such payments during the past ten years exceeded	\$2,180,000,000
Insurance in force, Dec. 31, 1939	\$6,830,834,796
<i>Increase of \$37,008,487 over Dec. 31, 1938</i>	
New Insurance in 1939	\$427,756,600
<i>Increase of \$4,939,100 over 1938</i>	
Surplus Funds reserved for General Contingencies, Dec. 31, 1939	\$125,639,022
<i>Increase of \$1,083,811 over Dec. 31, 1938</i>	
Voluntary Investment Reserve, Dec. 31, 1939	50,000,000
<i>Increase of \$5,000,000 over Dec. 31, 1938</i>	
Total reserved for Contingencies	\$175,639,022
Dividends payable to Policyholders in 1940	\$39,216,872

The market value of all bonds on December 31, 1939 was \$55,000,000 in excess of the value at which they are shown in the assets below.

ASSETS

Cash on Hand, or in Bank	\$67,927,082.39
United States Government, direct, or fully guaranteed Bonds	701,727,225.08
State, County and Municipal Bonds	243,755,266.62
Canadian Bonds	81,887,383.00
Railroad, Public Utility, Industrial and other Bonds	615,596,078.35
Preferred and Guaranteed Stocks	86,064,795.00
Real Estate Owned (Including Home Office)	123,135,251.65
First Mortgage Loans on Real Estate (including \$488,108.11 foreclosed liens subject to redemption)	450,586,021.57
Policy Loans	329,117,047.42
Interest and Rents due and accrued	29,323,995.01
Net Amount of Uncollected and Deferred Premiums	33,148,123.99
Other Assets	10,212.82
TOTAL	\$2,762,278,482.90

LIABILITIES

Insurance and Annuity Reserves	\$2,245,682,435.00
Present Value of Amounts not yet due on Supplementary Contracts	147,366,448.04
Dividends Left with the Company	118,930,277.31
Other Policy Liabilities	15,898,719.23
Premiums, Interest and Rents Prepaid	11,091,117.08
Miscellaneous Liabilities	3,505,635.85
Estimated Taxes	4,947,956.39
Dividends payable to Policyholders in 1940	39,216,872.00
Voluntary Investment Reserve	50,000,000.00
Surplus Funds reserved for General Contingencies	125,639,022.00
TOTAL	\$2,762,278,482.90

Securities valued at \$41,067,951.95 in the above statement are deposited with Governments, States and Trustees as required by law. Canadian currency Assets and Liabilities carried at par of exchange.

A more complete report containing a list of securities owned by the Company will gladly be sent upon request.

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job well done should point the way to a better one. Mind and muscle are alike in one respect; if you don't use them they become flabby and disintegration starts."

Kulas is another of the men who tried to retire but found retirement irksome. So he took over Otis Steel and Midland Steel Products, made them profitable and pulled both through the depression years in good condition.

The late Harvey C. Miller, who turned eight big business failures into money makers, had an uncanny faculty for picking the right men for each new "impossible" job he tackled. I asked him how he did it, and found he was amazed that all executives hadn't caught on to his method. Literally he told me that he liked diffident men. He liked men who were never so sure of their own work or that of their subordinates that they wouldn't check. "Give me," he said, "the young man who is willing to try, instead of one who is too confident."

"The man who gets the most done is the one who is always dissatisfied with his own work. He studies his faults instead of his triumphs. Accordingly he grows steadily better on the job, instead of merely holding it."

The late Justice Oliver Wendell Holmes said in his first radio address, on his ninetieth birthday, "To live is to function; there is no other way." He might have retired with honors at 50 or 60, but he worked on to find greater ones, and a serene content. The corollary is obvious:

Not to function is to die.

Will Taxation Cripple Education?

(Continued from page 22)

kind through endowed wards and the like come within the imaginative reach of men who can and will give \$100,000 or so for these purposes.

If, on the other hand, confiscatory taxes dry up funds that otherwise would go to scientific research and to institutions of advanced learning, a gap will be created that Government will be unable to fill.

In the event that the gap remains, America will sustain a loss in comparison with which the revenue from taxes on the estates of multi-millionaires will be small change.

More research is needed

THE most dangerous misapprehension prevails concerning the extent of scientific research in the United States. Because a few large industrial corporations conduct much research, which is advertised shrewdly, the American public takes comfort, so to say, in the impressive names and fine records of those companies, and supposes that all the potentialities of science are being realized steadily.

The fact is that about 95 per cent of this corporate research is in the realm of applied science. What the industrial laboratories do—and all they

can be expected to do—is to take the results of pure research and adapt them to the particular business they are conducting.

In the process of this adaptation, to be sure, much that is fundamental is brought to light; but to say that industrial laboratories can be expected to do all needed scientific research is to talk nonsense.

Perhaps the most convincing testimony on this score would be that given by the industrial scientists themselves. Were they told that the university and research laboratories would be closed to them and that the flow of technically-trained young investigators would stop, the most capable and useful industrial scientists of the United States would be ready to shut up shop.

It so happens, for example, that much of the most important work being done at present in physics is at the stage where costly equipment has to be employed for work that promises no results of immediate application in manufacturing.

Why should industry be expected to make the heavy investment required? Can any university afford from its own resources to provide the equipment? Yet it is possible that from the cyclotrons that private philanthropy is setting up in the United States may come results even more revolutionary than those wrought by the dynamo or the gas engine.

Destroy these philanthropies and you may destroy the basic scientific research that ultimately will enrich the life of generations.

Look at medical advance. Investigation of cancer, like hospitalization, makes a wide appeal and will not lack for support. The coordination of many independent cancer researches was, in actual fact, a matter of scientific concern a few years ago. Certain other maladies which represent a potential threat to the human race sometimes make their first appearance where government is unable to cope with them. Such a disease was the South American "jungle fever," which, in its initial stage, seemed to be a new form of endemic yellow fever. The governments of the affected countries were not equipped to study, much less to eradicate, this disease. Sooner or later it would have spread to other lands and would have raised anew all the problems of "yellow jack."

Dependent on private funds

FORTUNATELY, through the forethought of the Rockefellers, the International Health Division of the Foundation that bears their name was ready to combat such a threat. Thanks to the work of the Foundation the interesting discovery was made that, where the yellow-fever mosquito (*Aedes Aegypti*) was not present, the disease was not likely to be spread to those who lived in

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the same house with an infective case. On the basis of this discovery, the disease soon was brought under control.

Measurable success has been attained also in dealing with a singularly virulent type of malaria, transmitted by the *Anopheles Gambiae* in Brazil. These battles with calamity raise a clear question: If the world must look forward to the ultimate liquidation of the Rockefeller Foundation in circumstances that may preclude the establishment of similar agencies for the service of mankind, how are weak nations to cope with new and dangerous communicable diseases in the remote corners of the earth?

In what manner are the basic researches of biology and medicine to be supported?

Most of the experiments in genetics, in biochemistry, in parasitology and in related sciences have been conducted in university laboratories or on grants from foundations. Much of this work is slow and costly. Is there any assurance of its continuance, now that taxation cuts in half the incomes and the estates of philanthropists?

If it be said, in answer, that the universities have resources adequate to finance the essential inquiries, one need do no more than point to the present plight of institutions of higher learning in the United States.

Endowments yield less money

FOR a variety of manifest reasons, the largest gifts of the past decade have gone to six universities, which are carrying on in their laboratories many researches that will benefit the entire nation.

If judged by the book value of their ledger assets, these universities never were so rich; but, when the yield on their endowments is taken into account, scarcely one of them is as well off today as it was 15 years ago.

A net, tax-free yield of five per cent was not unusual then. One university, which had an investment committee of great ability, netted 5.7 per cent. Now an institution that receives four per cent is envied. The average yield is around 3.7. An endowment that has escaped direct shrinkage of capital gets an average of one-fourth less. Stated conversely, the principal of such an endowment must be 25 to 30 per cent larger for its tax-free yield to be as great as in, say, 1925.

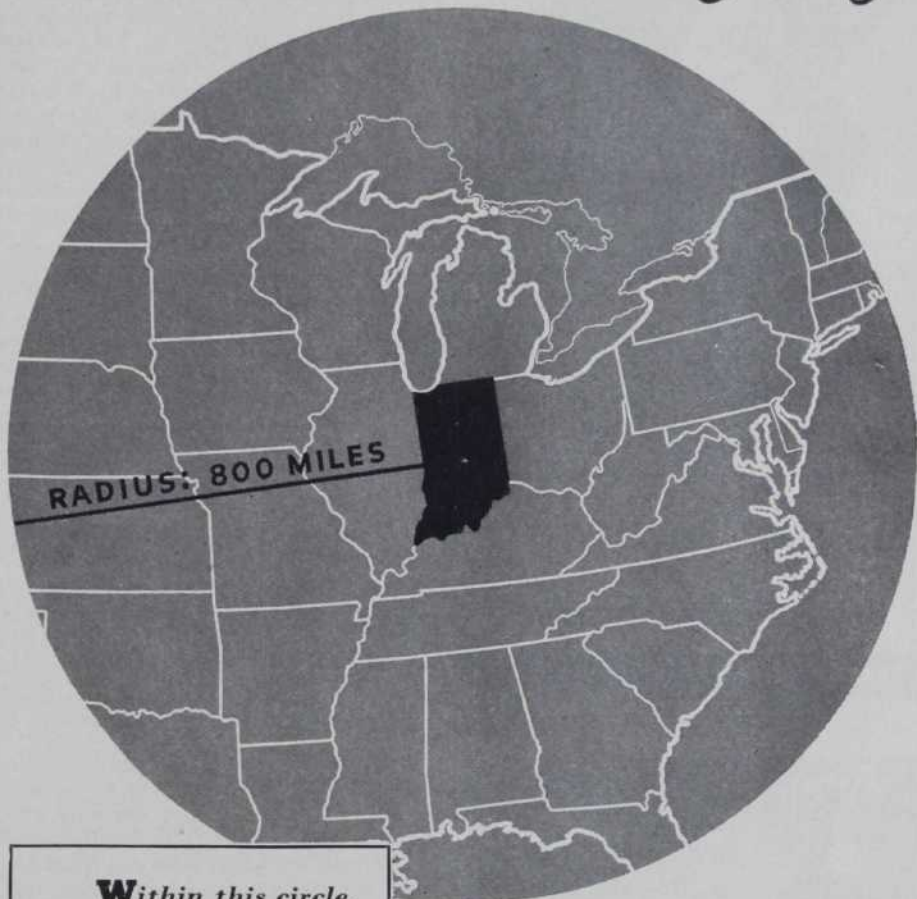
It is not surprising, therefore, to hear that one great school, which renders immense educational service at the same time that it sponsors much research, recently began its fiscal year with an anticipated deficit of \$800,000.

If these universities cease to receive large gifts as a result of unwise and vicious surtaxes, they will be fortunate to continue their present service. To extend it will be impossible. Much that they are doing in new fields of natural and social science is financed by the foundations. If these foundations are extinguished, the universities cannot carry on.

When one goes from the level of the great universities to that of the smaller institutions of learning, the scene be-

Indiana

The center of almost everything



Within this circle, in whole or in part, are 36 of the nation's 48 states. These states represent a very high percentage of the country's markets and materials—all quickly accessible to Indiana manufacturers:

Markets (% of the U.S. total)

Population	90%
Pers'l Income Tax Returns	86%
Native White Families	88%
Total Wealth	88%
Passenger Cars	84%
Commercial Cars	83%
Retail Sales	86%
Bank Assets	90%
Bank Savings Deposits	88%

Materials (% of the U.S. total)

Value of Mfd. Products	91%
Mineral Products	77%
Dairy Products	88%
Lumber	51%
Coal	94%
Manufactured Gas	95%
Steel	98%
Electrical Horsepower	82%
Petroleum Industry	83%
Wheat Production	81%
Corn Production	99%
Cotton Production	93%

[Percentages based on latest data]

FOR greatest profit, a manufacturer needs close proximity to markets and materials—not to one alone—but to *both*. And the closer the better.

Indiana gives you both, in remarkable degree, because of its geographical location.

And, within Indiana itself, you have the *balance* that makes for happy, prosperous manufacturing...and living. A balance, too, between factories and farms. Here you will find tax and banking situations to your liking; a comfortable labor situation; freedom from the disadvantages of congested population areas; fine roads, unexcelled transportation by rail and air. Here also are power, fuel, water and land values as you'd want them; and, withal, the cultural and educational advantages you naturally want for your family and employees.

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comes far darker. Of approximately 720 recognized colleges and universities in the United States, not more than 113 privately-supported schools have endowments of \$2,000,000 or more.

Only 22 of these have endowments exceeding \$10,000,000. Institutions that could build their budgets on the assurance of \$100,000 a year from an endowment of \$2,000,000 now receive about \$75,000.

In comparison with state-supported schools that have built new structures under P.W.A., the plant of the average privately-endowed college is now at least ten years outdated. Many of these institutions have been kept alive during depression years solely by raising student fees, and by beating the bushes for students whose expenses have been met in part by the National Youth Administration.

After 1945, the declining birth-rate of the country may be reflected in decreased enrollment.

Certainly there will be no material increase. Tuition charges cannot be raised further. Unless, then, gifts are forthcoming for buildings and for endowment, many non-tax-supported colleges are doomed. Any person with a reasonable knowledge of American colleges can run through the list and, at the least, put a question-mark after the names of 250 or 300.

In some states that now have ten privately-endowed colleges, nothing short of a complete reversal of present trends can save seven or eight of them.

Handicap for many students

HOWEVER the economic effect of this is to be viewed, it is bound to be serious. Half the students of the average American college or small university come from homes within a radius of 50 miles. When the nearby college is closed, will they abandon their hopes of advanced academic training? Will they go, instead, to the state-supported institutions? If they do, the tax-burden represented by those colleges will be increased because more students must be accommodated. What, meantime, will be the loss to those smaller American cities and towns where college purchasing now is a material factor?

To what does all this come in the end? To a test of national intelligence and to a type of planning now neglected. Present estate and inheritance taxes render it almost certain, to repeat, that no

philanthropist will have a fortune large enough to create by bequest a trust of the size of the Carnegie Corporation, of the Rockefeller Foundation, or of the General Education Board which, from principal and interest, has given about \$265,000,000 to American education in various forms.

The continuance of a tax-policy that will prevent the establishment by gift or bequest of such noble foundations as these does not mean that Government will do all that the great endowments have done. On the contrary, the prospects are that much that the foundations have accomplished in promoting science, education and the humanities will not be undertaken at all. Governmental aid will be applied at the lower levels of immediate human need and not on the plane of higher intellectual endeavor.

There consequently is a grim possibility that shortsighted taxation will retard many types of scientific research in the United States almost as surely as National Socialism is destroying it in Germany.

Encouraging limited gifts

ONE potentiality of hope there is—one of which comparatively few men of large fortune and philanthropic impulse are availing themselves. That is the provision of the federal income tax by which contributions up to 15 per cent of net income are deductible from the amount subject to taxation. Little enough this is, to be sure.

The welfare of the nation, in any long view, would be promoted were the percentage 25. What Uncle Sam lost in taxes by raising the allowable limit of contributions he would gain in education and in scientific advance.

Even at 15 per cent, this provision of the income tax gives men of wealth the means of salvaging many colleges and institutions of research at something less than half of the cost of specific endowment.

Not infrequently, a man may give, say, \$150,000 to an institution over a five-year period and, by income-tax deduction, will find that the net cost to him will be \$40,000.

This is the life-line of higher education and of research. It is far cheaper to save the colleges than to do without them—ininitely more economical to support scientific investigation than to lose its benefits.

A Baseball Yarn Made Home-Run Heroes

(Continued from page 20)

Louis 2 to 1; the Hartford Blues 3 to 1, 3 to 2, 4 to 0 and 4 to 1; the Mutuals of New York 4 to 1; the Philadelphia 4 to 3; the Centennials 5 to 0 and St. Louis 5 to 0. They were beaten by the White Stockings 1 to 0 and 2 to 0 and by St. Louis 5 to 3.

Such low scores and evenly contested games increased interest and Shibe and Reach began to prosper. They really

went to town when the National Association of Professional Baseball Players died in a wave of gambling and other abuses and the National League was organized in 1876 with business executives instead of players in control. Again the league adopted the only available standardized baseball.

In a few years their business had grown to proportions of which Ben and Al had never dreamed, but even then

they decided that, if they ever reached the point where they were turning out 1,000,000 baseballs a year, they would be on Easy Street.

Today the industry founded in that little frame building on Chestnut Street produces and markets many millions of baseballs every year, many more millions of golf balls, countless baseball gloves, tennis balls and racquets, boxing gloves, footballs, basket balls and every manner of sporting goods.

In 1937 the factory sales of the industry that Ben and Al started in 1866 totalled \$33,585,035. In the factory, a few years ago removed from Philadelphia to Chicopee, Mass., 1,000 employees are engaged in making baseballs alone—of which 7,541,364 were put on the market in 1937, with a factory value of \$2,301,004. This factory operates its own rubber refinery in Chicopee, where the rubber is received in crude form direct from plantations in the Malay Straits.

The game of baseball as it exists today is practically a product of the ball with which it is played. The game which Ben and Al were laughed at for trifling with in 1866 last year drew paid admissions of more than \$26,500,000 in the major and minor leagues alone—a marvelous stimulus for business because the baseball dollar probably has a larger turnover and covers a wider area in the channels of trade than any other dollar that is spent.

It paid out more than \$10,000,000 in wages to players and employees and many more millions in hotel and traveling expenses. Countless other millions of Americans were either playing it or being entertained by it among the college, semi-pro, school and sandlot teams everywhere.

Special machinery developed

BEN and Al have passed on, leaving fortunes to their heirs. The industry they started has been absorbed by the firm of A. G. Spalding & Bros., which came into existence as a retail outlet for sporting goods in 1876, the year the National League was organized—but all through the years the baseball known as the Spalding ball was manufactured by the firm that Reach and Shibe brought into existence.

They had conceived the specialized machinery that is used in the manufacture of high grade baseballs and they controlled all rights to the use of this machinery.

Through the years in which there has been much controversy concerning the comparative "liveliness" of the balls used by the American and National Leagues the balls have been identical, made by the same process and in the same factory.

Furthermore, the method of manufacture in use today varies in only one respect—the addition of the cork center invented by Mr. Shibe in 1910—from the original method.

The center which, in the beginning, was solid rubber now is a small ball of cork over which is moulded a layer of soft rubber one-fourth inch thick. This rubber-cork center is then placed on winding machines which wind all-wool

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reception

yarn tightly to approximately halfway through the ball, when a coating of rubber cement is applied. Over this, fine white cotton yarn is wound, followed by another coating of rubber cement. Specialized machines cut out the cover from tanned, bleached, and carefully treated horsehide, which is then stretched over the ball and sewed on with heavy thread.

The improved quality of the ball is due, not to any change in the manufacturing process, but to the increased efficiency of the factory and equipment and the quality of the materials used.

This caused the second "rabbit ball" squawk. The manufacturers denied that there had been any change in making the balls. Yet Tommy Leach had led the National League in home runs with six in 1902, and in the three following years, the leading home-run hitter had made only nine while Buck Freeman's record of 27 home runs made with the Washington Club in 1899 was thought to be so phenomenal that it would never be equaled.

Frank Baker of the Athletics in 1911, 1912, 1913 and 1914 earned the name of "Homerun" Baker by leading the American League in those years with nine, ten, 12 and eight home runs respectively.

Then suddenly in 1920 pitchers who had specialized on pop flies to the infield began to slam out more home runs in a season than the league leading home-run hitters had been making and our national game started on a home-run debauch.

The cry of "rabbit ball" shook the walls of the factory in Philadelphia where the balls were being made. Pitchers were complaining that they were in danger of getting their heads knocked into the laps of the bleacher fans. Inside that factory they faced the same problem that had confronted Ben and Al more than 50 years before.

More careful manufacture

TO SOLVE the mystery as to what had made baseball's "Bouncing Betsy" suddenly take to jumping the outfield fences and burning all the grass off the infield, when the men who made it knew that it was being made exactly the same as the old ball, Tom Shibe and I, in 1923, took one of the old "dead" balls and one of the new "lively" balls, put them in a machine and cut them through the middle, showing a cross-section of the insides of both balls. They were identical except in the fact that we could put the two halves of the old ball together again with very little space showing at the cut while, when we tried to do this with the new ball, the cork-and-rubber center had bulged out so far that you could lay your finger between the two halves of the ball at the cut. And the color of the yarn was different.

That is why "Homerun" Baker could lead the league in home runs with eight with the old ball and why Babe Ruth or Hank Greenberg or Jimmy Foxx had to slap 50 or more out of the lot to get anywhere in the race.

The manufacturers had been trying to produce a more serviceable ball, as the old ball could be knocked lopsided when

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hit hard. A clever pitcher could take a ball that had developed a flat spot and "sail" it as he would a stone, making it practically impossible to hit. We had an era in baseball when the pitchers dominated the batters and home runs were rare. Up to 1920 the leading pitchers in both leagues usually allowed an average of only a fraction more than one earned run per game each season. In the 19 years since 1920, only one pitcher, Carl Hubbell in 1933, has been able to do that.

The reason is that, with the end of the World War, a fine grade of Australian wool yarn became available and the manufacturers had improved the winding machines. These mechanical improvements stretched the yarn more tightly than the old yarn would stand without breaking. The high grade Australian wool yarn would stand the strain of the tighter winding. Nobody supposed that this would put more bounce in the baseball.

If you squeeze a handful of wool yarn and then suddenly open your fingers, a good grade of wool will spring upward from your palm. A poor grade of wool will lie "dead." Any woman who knows how to select fine wool for her knitting knows this—but the men who made the baseball didn't know that it would put so much bounce in the ball.

Home runs helped the gate

THE ensuing home run debauch came immediately after the most dangerous blow that has ever been dealt to the game of baseball—the sell-out in the World Series of 1919. Club owners were shaking in their financial socks and the heirs of Shibe and Reach were seriously concerned about the future of their business. The fans, their faith in the game's honesty betrayed, were expected to stay away from the baseball parks until the turnstiles were covered with cobwebs. Some of the newspapers were even advocating this. Then a barrage of home runs began to fly over the fences—and the fans started coming out to see what the shooting was about.

Something had happened to the baseball. On the wings of Australian wool, Babe Ruth blasted his way into the public consciousness. Other players, observing how the ball had taken to leaving the lot when hit vehemently, began taking a toe-hold and swinging with great gusto. Home-run heroes became as thick as flies. Nobody cared what had happened in 1919. The future of the game had been saved.

This time the manufacturers, acting differently than Ben and Al had done in the same crisis more than 50 years before, had left the bounce in the ball.

Now, with a \$1,000,000 World Series each fall; with a gross business of more than \$26,000,000 annually; with 33,000 teams composed of 500,000 boys under 17 playing baseball in the American Legion Junior League and every city, town and hamlet with their minor league, school and sandlot teams using their product, the business that Shibe, the horse car driver, and Reach, the ball player, started back in 1866 has developed into one of the nation's leading industries.

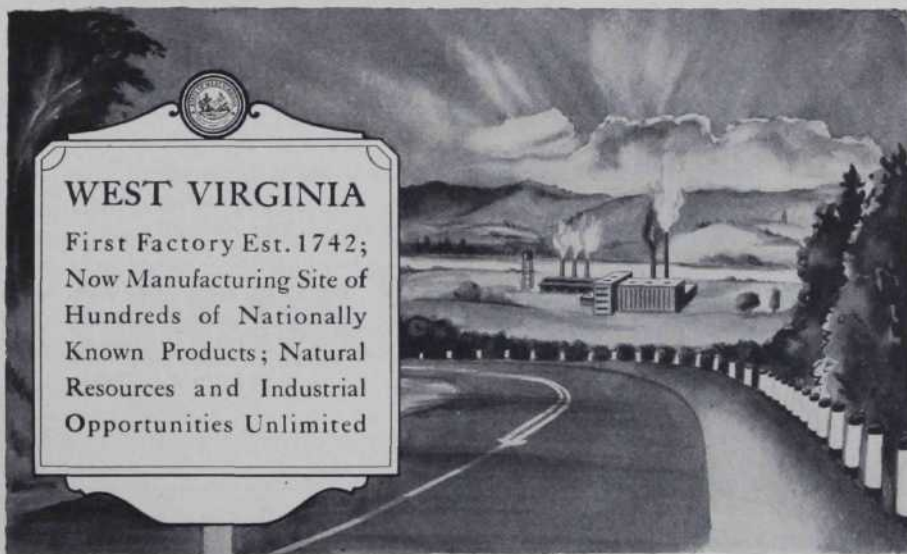
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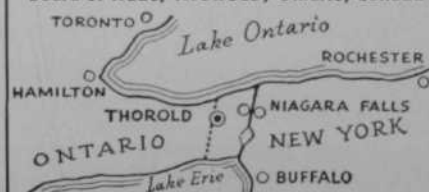
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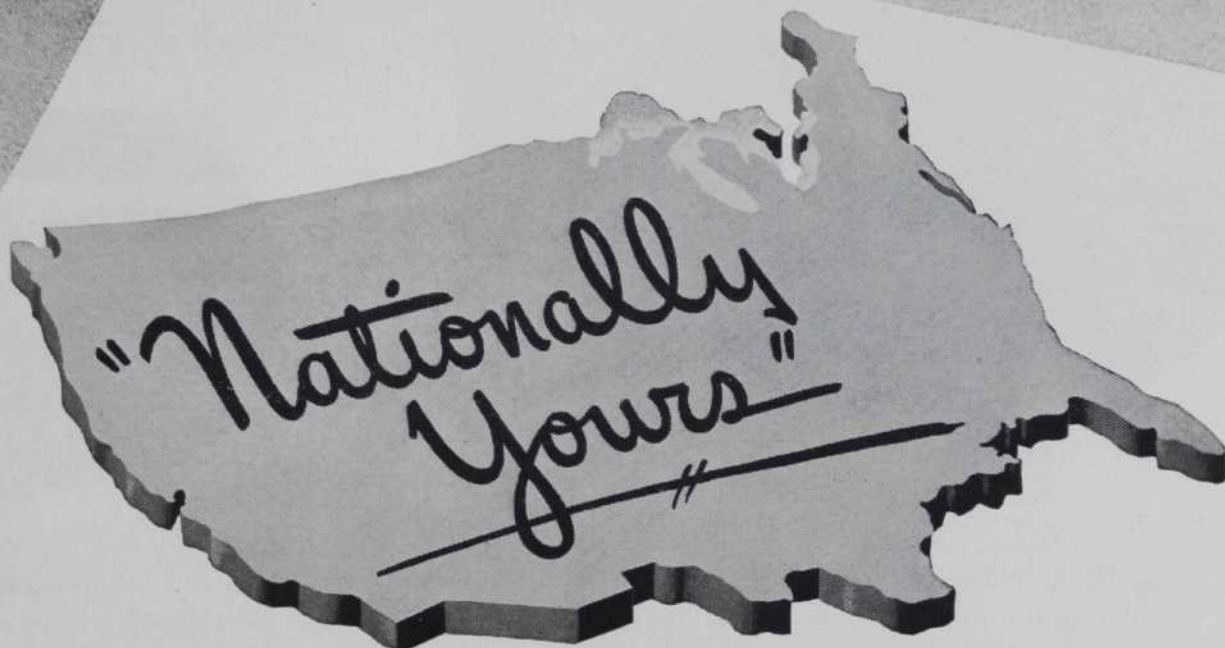
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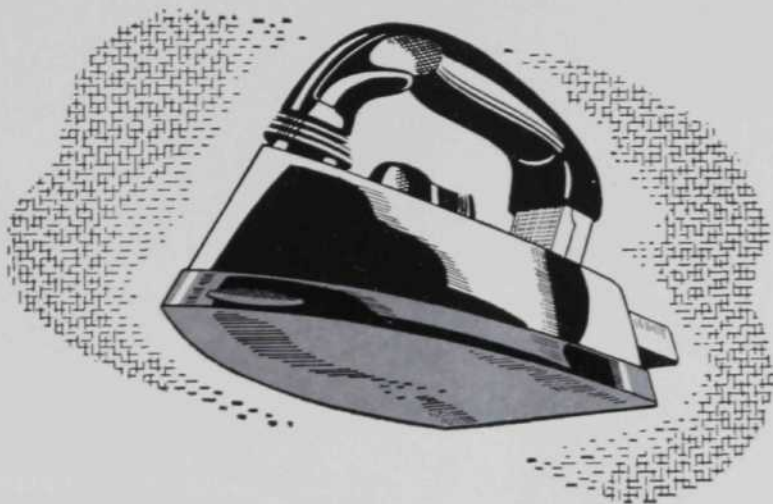
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